

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 Directorate General for European Programmes, Coordination and Development,
hereinafter referred to as the “National Focal Point”,
Representing the Republic of Cyprus,
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”

Chapter 1

Scope, Legal Framework, Definitions and responsibilities

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”).

Article 1.2 **Legal Framework**

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:

- (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.

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**

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**

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.
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.

Chapter 2

Budget, objective and implementation system for the Fund for Bilateral Relations

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 € 230,000 for a Fund for bilateral relations.
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.
3. The support from the EEA Financial Mechanism to the Fund for Bilateral Relations is € 128,000. The support from the Norwegian Financial Mechanism to the Fund for Bilateral Relations is € 102,000.

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 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.

Article 2.3
Joint Committee for Bilateral Funds

1. The National Focal Point shall establish a Joint Committee for Bilateral Funds as soon as possible after the signature of the MoUs. Its tasks shall *inter alia* 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.

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.

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 State, including the respective ministry of foreign affairs.

4. The composition, role and functioning of the Joint Committee for the Bilateral Fund is further described in the Document 'The Composition, role and functioning of the Joint Committee for the Bilateral Funds 2014-2021 in Cyprus' agreed between the members of the Joint Committee for Bilateral Funds.

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 and the FMO at least two weeks before the meeting for comments.

6. Decisions from the Joint Committee for Bilateral Funds 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.

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.

8. Decisions of the Joint Committee may also be made in writing between the members.

Article 2.4
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 *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.

2. The draft Work Plan shall be submitted to the members of the Joint Committee for Bilateral Funds and the FMO for comments at least four weeks prior to the meeting of the Joint Committee.

3. The draft Work Plan shall be further developed and adopted by the Joint Committee for Bilateral Funds.

4. The Work Plan will be discussed at the annual meeting.

5. Modifications to the Work Plan shall be decided by the Joint Committee for Bilateral Funds and reported on at the annual meeting.

6. Any comments to the Work Plan made at the annual meeting shall be taken into account by the Joint Committee for Bilateral Funds.

Article 2.5
Allocation 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.

2. The Parties agree that the following activities, as a minimum, will be implemented under the Fund for Bilateral Relations:

Not applicable.

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.

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 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.

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.

6. The Programme Operators shall report to the National Focal Point on the use of the funds for bilateral relations allocated to their programme.

Article 2.6 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.

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.

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.

Article 2.8 Representations and Warranties

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.

Chapter 3 Finance

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.

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.

3. The first date of eligibility of expenditures under this agreement shall be 05 March 2019.

4. The final date of eligibility of expenditures under this agreement shall be 30 April 2025.

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.

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.

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.

3. The level of the advance payment is € 23,000. 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 *mutatis mutandis* to interim payments under this agreement.

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.

6. Notwithstanding paragraphs 1 to 5 above, Chapter 9 of the Regulations shall apply *mutatis mutandis* to all aspects related to payments.

Article 3.4

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.

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.

Chapter 4 Final provisions

Article 4.1

Contact information

1. The contact information of the National Focal Point is:

Directorate General for European Programmes,
Coordination and Development (DG EPCD)
Att: Permanent Secretary of DG EPCD
29, Lordou Vyronos
1080 Nicosia
Telephone: +357 22 602814
Telefax (general): +357 22 666810
E-mail: nfp@dgepcd.gov.cy

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

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 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.

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

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.

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 make use of the remedies provided in Chapter 13 of the Regulations.

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.

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.

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.

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

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.
2. This agreement shall remain in force until five years have elapsed after the date of the acceptance of the final Strategic Report.

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

For the Donors

Signed in Oslo on 6th August 2019

Niels Engelschøn

Chairman of the Financial Mechanism Committee
Director General, Norwegian Ministry of Foreign
Affairs

For the National Focal Point

Signed in Nicosia on 21.08.2019

Georghia Christofidou

Acting Permanent Secretary, Directorate General for
European Programmes, Coordination and Development