MEMORANDUM OF UNDERSTANDING

ON THE IMPLEMENTATION OF THE EEA FINANCIAL MECHANISM

2021-2028

Between

ICELAND,

THE PRINCIPALITY OF LIECHTENSTEIN,

THE KINGDOM OF NORWAY,

hereinafter referred to as the “Donor States”

and

THE REPUBLIC OF LATVIA,

hereinafter referred to as the “Beneficiary State”

together hereinafter referred to as the “Parties”, WHEREAS Protocol 38d 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 2021-2028, establishes a financial mechanism (hereinafter referred to as the “EEA Financial Mechanism 2021-2028”) through which the Donor States will contribute to the reduction of economic and social disparities in the European Economic Area;

WHEREAS the EEA Financial Mechanism 2021-2028 aims to strengthen relations between the Donor States and the Beneficiary State to the mutual benefit of their peoples;

WHEREAS by decision of the Standing Committee of the EFTA States No. 4/2024/SC of 24 October 2024 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 2021-2028;

WHEREAS the enhanced co-operation between the Donor States and the Beneficiary State will contribute to securing a stable, peaceful and prosperous Europe, based on good governance, democratic institutions, the rule of law, respect for human rights and sustainable development;

WHEREAS the Parties agree to establish a framework for cooperation in order to ensure the effective implementation of the EEA Financial Mechanism 2021-2028;

HAVE AGREED on the following:

Article 1
Objectives

1. 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 through financial contributions in the thematic priorities listed in paragraph 2. Accordingly, the Parties to this Memorandum of Understanding shall select programmes for funding that aim to contribute to the achievement of these objectives.

2. The financial contributions shall be available in the following thematic priorities:

(a) European green transition;

(b) Democracy, rule of law and human rights;

(c) Social inclusion and resilience.

Article 2
Legal Framework

This Memorandum of Understanding shall be read in conjunction with the following documents which, together with this Memorandum of Understanding, constitute the legal framework of the EEA Financial Mechanism 2021-2028:

(a) Protocol 38d to the EEA Agreement on the EEA Financial Mechanism 2021-2028;

(b) the Regulation on the implementation of the EEA Financial Mechanism 2021-2028 (hereinafter referred to as the “Regulation”) issued by the Donor States in accordance with Article 9.4 of Protocol 38d;

(c) the programme agreements that will be concluded for each programme; and

(d) any guidelines adopted by the Financial Mechanism Committee in accordance with the Regulation.

Article 3
Financial Framework

1. In accordance with Article 2 of Protocol 38d, the total amount of the financial contribution is € 1 805 million in annual tranches of € 257.86 million over the period running from 01 May 2021 to 30 April 2028, inclusive.

2. In accordance with Article 6 of Protocol 38d, a total of € 50,297,628 shall be made available to the Beneficiary State over the period referred to in Paragraph 1.

3. In accordance with Article 9.7 of Protocol 38d 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 € 46,776,794.

Article 4
Roles and responsibilities

1. The Donor States shall make funds available in support of eligible programmes proposed by the Beneficiary State and agreed on by the Financial Mechanism Committee within the thematic priorities listed in Article 3.1 of Protocol 38d and the programme areas listed in the Annex to Protocol 38d. The Donor States and the Beneficiary State shall cooperate on the preparation of concept notes defining the scope and planned results for each programme.

2. The Beneficiary State shall assure the full co-financing of programmes that benefit from support from the EEA Financial Mechanism 2021-2028 in accordance with Annex B and the Programme Agreements.

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.

4. The Financial Mechanism Committee shall manage the EEA Financial Mechanism 2021-2028 and take decisions on the granting of financial assistance in accordance with the Regulation.

5. The Committee shall be assisted by the Financial Mechanism Office (hereinafter referred to as the "FMO"). The FMO shall serve as a contact point for the Beneficiary State for the day-to-day operations of the EEA Financial Mechanism 2021-2028.

Article 5
Designation of authorities

The Beneficiary State has authorised a National Focal Point to act on its behalf. The National Focal Point shall have the overall responsibility for reaching the objectives of the EEA Financial Mechanism 2021-2028 as well as for the implementation of the EEA Financial Mechanism 2021-2028 in the Beneficiary State in accordance with the Regulation. In accordance with Article 5.2 of the Regulation, the National Focal Point, the Certifying Authority, the Audit Authority are designated in Annex A.

Article 6
Multi-annual Programming Framework

1. In accordance with Article 2.5 of the Regulation, the Parties have agreed on an implementation framework consisting of the following financial and substantive parameters:

(a) a list of agreed programmes, the financial contribution from the EEA Financial Mechanism 2021-2028 and from the Beneficiary State;

(b) identification of programmes, their objective(s), the Programme Operators, the grant amount and amount of co-financing by programme, the bilateral ambitions as well as any specific concerns relating to the implementation of the programmes;

(c) conditions and/or specific concerns at Beneficiary State level relating to target groups, geographical areas or other issues;

(d) identification of Donor Programme Partners, as appropriate;

(e) identification of International Partner Organisations, as appropriate; and

(f) identification of pre-defined projects to be included in relevant programmes.

2. The implementation framework is outlined in Annex B.

Article 7
Fund for bilateral relations

In accordance with Article 4.6.1 of the Regulation the Beneficiary State shall set aside funds to strengthen bilateral relations between the Donor States and the Beneficiary State. The agreed amount is reflected in Annex B and is allocated to the funds for bilateral relations at national and programme level. The National Focal Point shall manage the use of the fund for bilateral relations at national level and shall establish a Joint Committee for the Bilateral Fund in accordance with Article 4.9.1 of the Regulation. The Programme Operators shall 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).

Article 8
Country Report

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 2021-2028 in the Beneficiary State. The Country Report shall be submitted to the FMC no later than 10 March each year.

Article 9
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 periods, discuss risks and agree on any necessary measures to be taken. The annual meeting shall provide a forum for discussion of issues of bilateral interest.

Article 10
Modification of the annexes

1. Annex A and B may be amended through an exchange of letters between the FMC and the National Focal Point.
2. Cumulative transfers up to 10% of the total eligible expenditure of a programme may be made between programmes without a modification of the Annexes to this Memorandum of Understanding, provided that the change has been agreed by the FMC through modifications of the relevant Programme Agreements.

3. In addition, cost savings and amounts not committed to projects may be transferred to the funds for bilateral relations without a modification of the Annexes to this Memorandum of Understanding or the approval of the FMC, provided that the transfer has been the subject of prior consultation with the Cooperation Committee of the concerned programme. Any such transfer of funds from a programme shall not affect the objectives or outcomes of the Programme. The National Focal Point shall notify the FMC of such transfers without delay and the FMC shall update the concerned Programme Agreements and the Bilateral Funds Agreement, as relevant.
4. All transfers made in accordance with paragraphs 2 and 3 shall not affect any specific concerns, conditions, objectives or other priorities referred to in this Memorandum of Understanding and shall be in accordance with the provisions of the legal framework.

Article 11
Control and Access to Information

The Financial Mechanism Committee, the EFTA Board of Auditors and their representatives have the right to carry out any technical or financial mission or review they consider necessary to follow the planning, implementation and monitoring of programmes and projects as well as the use of funds. The Beneficiary State shall provide all necessary assistance, information and documentation.

Article 12
Governing Principles

1. The implementation of this Memorandum of Understanding shall in all aspects be governed by the Regulation and subsequent amendments thereof.

2. The objectives of the EEA Financial Mechanism 2021-2028 shall be pursued in a framework of close co-operation between the Donor States and the Beneficiary State, 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. 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 non-discrimination in all implementation phases of the EEA Financial Mechanism 2021-2028.

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.

4. The Beneficiary State shall take proactive steps in order to ensure adherence to these values and principles at all levels involved in the implementation of the EEA Financial Mechanism 2021-2028.

Article 13
Entry into Force

This Memorandum of Understanding shall enter into force on the day after the date of its last signature.

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

Signed in Brussels on 03/10/2025
For Iceland

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For Iceland

Signed in Brussels on 06/10/2025
For the Principality of Liechtenstein

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For the Principality of Liechtenstein

Signed in Riga on 09/10/2025
For the Kingdom of Norway

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For the Kingdom of Norway

Signed in Riga on 09/10/2025
For the Republic of Latvia

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For the Republic of Latvia

ANNEX A

National management and control structures

1. National Focal Point

The following three departments of the Ministry of Finance of the Republic of Latvia shall act as the National Focal Point:
· EU Funds Strategy Department,
· EU Funds Investments Management Department; and
· EU Funds System Management Department.
EU Funds Strategy Department, EU Funds Investments Management Department and EU Funds System Management Department are directly subordinated to the Deputy State Secretary on EU Funds Issues, who shall be the head of the National Focal Point.

The roles and responsibilities of the National Focal Point are stipulated in the Regulation, in particular Article 5.3 thereof.

2. Certifying Authority

The Treasury of the Republic of Latvia shall act as the Certifying Authority. The Treasury is directly subordinated to the Ministry of Finance of the Republic of Latvia. The Treasury is managed by the Treasurer, who shall be the Head of the Certifying Authority and reports to the Deputy State Secretary on Budget Issues of the Ministry of Finance of the Republic of Latvia.

The functions of the Certifying Authority will be performed by the European Affairs Department of the Treasury. The Director of the European Affairs Department is subordinated and responsible for reporting to the Treasurer.

The roles and responsibilities of the Certifying Authority are stipulated in the Regulation, in particular Article 5.4 and Article 12.3 thereof.

3. Audit Authority

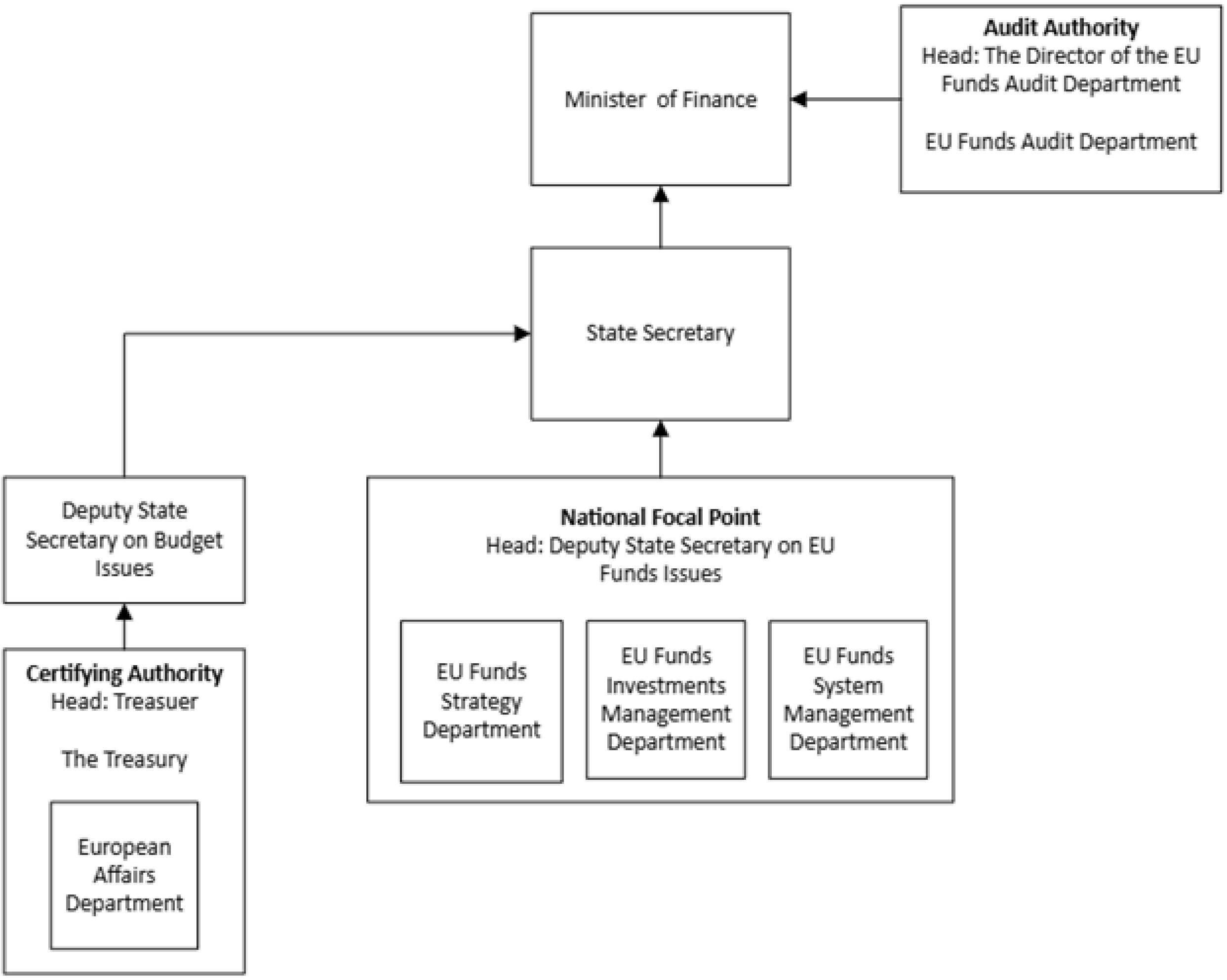
The EU Funds Audit Department of the Ministry of Finance of the Republic of Latvia shall act as the Audit Authority. The Director of the EU Funds Audit Department, who is directly subordinated and reporting to the Minister of Finance of the Republic of Latvia, shall be the Head of the Audit Authority.

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

The Audit Authority shall act in compliance with the International Standards on Auditing, International Standard on Assurance Engagements and Code of Ethics.

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

4. Organigram


Minister of Finance
Audit Authority
Head: The Director of the EU Funds Audit Department
EU Funds Audit Department
State Secretary
Deputy State Secretary on Budget Issues
National Focal Point
Head: Deputy State Secretary on EU Funds Issues
EU Funds Strategy Department
EU Funds Investments Management Department
EU Funds System Management Department
Certifying Authority
Head: Treasuer
The Treasury
European Affairs Department

ANNEX B

Implementation framework

In accordance with Article 2.5 of the Regulation, the Parties to this Memorandum of Understanding have agreed on an implementation framework outlined in this annex.

1. Financial parameters of the implementation framework

	Latvia	**EEA Grants contribution**	**National contribution**
	Programmes		
1	Local Development and Resilience	€ 43,000,000	€ 7,588,235
	Other allocations		
	Technical Assistance to the Beneficiary states (Art. 1.10)	€ 1,378,785	N/A
	Funds for bilateral relations at national level (Art. 4.7)	€ 2,098,009	N/A
	Reserve for completing projects under FM 2014-2021	N/A	N/A
	Funds for bilateral relations at programme level (Art. 4.10)	€ 300,000	N/A
	Net allocation to Latvia	**€ 46,776,794**	**€ 7,588,235**

2. Conditions
Not applicable

3. Specific concerns
The amount of funds for bilateral relations allocated to the programme shall be included in the Programme Agreement.

Under the funds for bilateral relations at national level, up to €1,500,000 shall be set aside for cooperation with the Baltic Centre for Media Excellence.

The agreed allocations to the programme and bilateral funds include the EEA Financial Mechanism contribution to Latvia related to the challenges experienced as a result of the invasion of Ukraine, which amounts to €2,786,572. The planned use of these funds shall be described in the Concept Note for the programme.

In accordance with Article 8.11.4 of the Regulation, the allocation to technical assistance is set at 2.75%, further to the request of the National Focal Point and the submission of justifications. The National Focal Point shall ensure that the entire allocation is necessary for the performance of the tasks of the National Focal Point, the Certifying Authority and the Audit Authority.

Gender equality and digitalisation will be mainstreamed in the programme. The Concept Note shall describe how this shall be achieved.

4. 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 Local Development and Resilience

Programme objective:	Improved disaster resilience More resilient, inclusive, and sustainable communities
Programme grant:	€ 43,000,000
Programme co-financing:	€ 7,588,235
Programme Operator:	Ministry of Smart Administration and Regional Development of the Republic of Latvia

Donor Programme Partners(s):	Norwegian Directorate for Civil Protection (DSB) Norwegian Association of Local and Regional Authorities (KS)
Programme area(s):	Disaster Prevention and Preparedness Local Development, Good Governance and Inclusion
Programme specific concerns:	The programme shall contribute to enhanced societal resilience in Latvia. As part of this, the programme shall address challenges experienced as a result of the invasion of Ukraine. The Ministry of Interior of the Republic of Latvia, the Ministry of Welfare of the Republic of Latvia, the Ministry of Health of the Republic of Latvia and the Ministry of Culture of the Republic of Latvia shall be involved in the design and implementation of the programme as relevant. The Norwegian Directorate for Civil Protection shall act as Lead Donor Programme Partner for the programme. The Norwegian Association of Local and Regional Authorities shall act as Donor Programme Partner for the programme area "Local development, good governance and inclusion". At least €31,245,000 shall be made available for the programme area "Disaster prevention and preparedness". From this allocation, approximately €27,445,000 shall be made available to develop civil protection infrastructure, to be further defined in the Concept Note. Approximately €3,800,000 shall be made available for a pre-defined project for resilience preparedness activities and collaboration between state, municipalities and civil society towards crisis response coordination, with the Ministry of Interior of the Republic of Latvia as Project Promoter, in cooperation with the Ministry of Culture of the Republic of Latvia and State Fire and Rescue Service and partners from the Donor States. The programme shall include measures to strengthen the resilience of the region bordering Russia and Belarus in response to challenges arising from the invasion of Ukraine. This shall be supported with the amount of approximately €500,000 from the programme, and be further developed during the Concept Note development phase. At least €8,000,000 shall be made available for the programme area "Local development, good governance and inclusion". From this allocation approximately €5,000,000 shall be made available for capacity building on emergency preparedness and response for municipalities, NGOs and citizens, including through a pre-defined project with the Latvian Association of Local and Regional Governments as Project Promoter in cooperation with the Ministry of Smart Administration and Regional Development of the Republic of Latvia, the Latvian Association of Large Cities and the Norwegian Association of Local and Regional Authorities. Approximately €3,000,000 shall be made available for a pre-defined project addressing information integrity, civic engagement, resilience and crisis preparedness with the Latvian National Library, in collaboration with regional libraries and relevant Donor project partner(s).

The programme shall give particular attention to facilitating development in the Latgale region.

The maximum level of funding for investment in infrastructure and equipment (hard measures) shall be set in the Programme Agreement.