

**DECISION OF THE EEA JOINT COMMITTEE****No 47/2000****of 22 May 2000****amending Protocol 31 to the EEA Agreement, on cooperation in specific fields outside the four freedoms**

THE EEA JOINT COMMITTEE,

Having regard to the Agreement on the European Economic Area, as adjusted by the Protocol adjusting the Agreement on the European Economic Area, hereinafter referred to as 'the Agreement', and in particular Articles 86, 87, 98 and 115 thereof,

Whereas:

- (1) Protocol 31 to the Agreement was amended by Decision No 46/2000 of the EEA Joint Committee of 19 May 2000 <sup>(1)</sup>.
- (2) It is appropriate to extend the cooperation of the Contracting Parties to the Agreement to support, for a duration of five years, measures aimed at reducing the economic and social disparities between the regions with a view to promoting a continuous and balanced strengthening of trade and economic relations between the Contracting Parties.
- (3) The Contracting Parties have agreed on a contribution of the EEA EFTA States over the period 1999 to 2003 towards the aforementioned objectives.
- (4) A new instrument is needed for this cooperation to take into account the changes which have taken place since the negotiation of part VIII of the Agreement. This instrument should be separate from, but coordinated with, the Community's action towards the same objectives and implemented on the basis of Article 82(1)(c) of the Agreement.
- (5) Protocol 31 to the Agreement should be amended in order to allow for this extended cooperation to take place from 1 January 1999 until 31 December 2003,

HAS DECIDED AS FOLLOWS:

*Article 1*

The following Article shall be added in Protocol 31 to the Agreement after Article 18 (Exchange between administrations of national officials):

*'Article 19***Reduction of economic and social disparities**

1. The Contracting Parties shall strengthen their cooperation in reducing the economic and social disparities in the EEA through a financial contribution by the EEA EFTA States. For that purpose, a financial instrument shall be established for the period 1999 to 2003.
2. By virtue of Article 82(1)(c) of the Agreement, and subject to the modalities set out in Appendix 4 to this Protocol, the EEA EFTA States shall contribute the amount of EUR 119,6 million to the cooperation set out in paragraph 1. This contribution shall be made available for commitment in five equal annual tranches.'

*Article 2*

The text attached as an Annex to this Decision shall be added to Protocol 31 as Appendix 4.

*Article 3*

This Decision shall enter into force on 23 May 2000, provided that all the notifications under Article 103(1) of the Agreement have been made to the EEA Joint Committee (\*).

It shall apply from 1 January 1999 until 31 December 2003.

<sup>(1)</sup> See page 58 of this Official Journal.

(\*) Constitutional requirements indicated.

*Article 4*

This Decision shall be published in the EEA Section of, and in the EEA Supplement to, the *Official Journal of the European Communities*.

Done at Brussels, 22 May 2000.

*For the EEA Joint Committee*  
*The President*  
F. BARBASO

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## ANNEX

to Decision No 47/2000 of the EEA Joint Committee

## 'APPENDIX 4

## EEA FINANCIAL INSTRUMENT

## Modalities of implementation

## 1. Definitions

In what follows:

1. "The Beneficiary State" is a State that receives funding from the EEA EFTA States according to Decision No 47/2000 of the EEA Joint Committee of 22 May 2000. The Beneficiary State is represented by an authority to be nominated, charged with the management of the EEA EFTA funding in the country and with entering into contracts on projects with the Committee. The financial responsibility to the EEA EFTA States rests with the Beneficiary State.
2. The "Project Promoter" is the body that sets up the project. The grants are paid to the project promoter via the beneficiary State.
3. "The Committee" is the body set up by the EEA EFTA States to carry out the functions outlined in point 7.
4. "The monitoring agent" is an independent body that, on the basis of an agreement with the beneficiary State, monitors the progress of the project and reports to the beneficiary State and the Committee. The monitoring agent is appointed by the beneficiary State on the basis of a proposal or an assessment and agreement of the European Investment Bank (EIB) and with the consent of the Committee.

## 2. The beneficiary States

The beneficiary States and their shares of the funds shall be as in the table below:

(in EUR)

Country	1999	2000 to 2003	Total
Spain	10 859 680	59 321 600	70 181 280
Portugal	5 023 200	16 265 600	21 288 800
Greece	5 812 560	16 265 600	22 078 160
Ireland	1 698 320	3 827 200	5 525 520
UK (Northern Ireland)	526 240	0	526 240
Total	23 920 000	95 680 000	119 600 000

## 3. Form of assistance

The assistance shall be entirely in the form of grants. A beneficiary State may, however, present proposals to the Committee to use parts of its share for the reduction of the interest costs of projects mainly financed by loans. Any such support will also be given in the form of grants.

The EEA EFTA contribution shall not exceed 50 % of the project cost, except in projects otherwise financed by central, regional or local government budget allocations, where the contribution may not exceed 85 % of total cost. Community ceilings for co-financing shall not be exceeded in any case.

The responsibility of the EEA EFTA States for the projects is limited to providing funds according to the agreed plan, provided that the monitoring reports confirm project implementation in accordance with the project proposal.

#### 4. Eligible activities

Funding shall be available for projects in the areas of environment, including urban renewal, reduction of urban pollution and securing the European cultural heritage, transport, including infrastructure, and education and training, including academic research. The Contracting Parties agree to aim at allocating at least two thirds of the overall amount to projects in the area of environment, as defined above.

#### 5. Projects

The total amount of EUR 119,6 million shall be made available for commitment at the rhythm of 20 % per year commenced cumulatively as of 1999. Different parts of large projects can be separately presented for financing and the Committee will consider each project proposal on its own merits.

#### 6. Monitoring requirements

A monitoring plan is established for each project together with the project plan and schedule, the budget and the payment schedule. It shall identify the crucial points in the project. The monitoring agent reports at important stages of the project, in accordance with the established plan, normally at least once a year, to the beneficiary State and the Committee, giving, *inter alia*, the following information:

- fulfilment of formal requirements relating to tendering and procurement of permits and certifications,
- project progress compared with the original plan,
- deviations, if any, in relation to, *inter alia*, budgets, disbursement schedules, contracts, physical implementation, completion date. Repercussions for the project's scope, expected benefits and time of completion. Measures taken to mitigate the consequences of deviations, when appropriate,
- accounts of the project,
- whether the advancement of the project meets the requirements for the payment of the next instalment.

If the report does not correspond to the agreed plan, the Committee may ask the beneficiary State for complementary information. Questions limited to clarification and requests for information that is missing in the report may be addressed to the monitoring agent, with the beneficiary State being kept duly informed. The Committee may decide not to authorise further payments until the report corresponds to the agreement. The EEA EFTA States may audit projects as specified in point 10(13).

#### 7. Organisational set-up

The EFTA States shall establish a Committee that shall:

- approve the projects for funding,
- approve the monitoring and payment plan for every project,
- supervise the overall functioning of the assistance, notably on the basis of the monitoring reports,
- authorise payments to the beneficiaries according to the payment plan, on the basis of the monitoring reports.

The EIB shall:

- appraise the proposed projects and report to the beneficiary State,
- propose, or assess and agree to, monitoring agents in the beneficiary States, to be approved by the Committee and the beneficiary State.

The beneficiary States shall:

- receive and endorse the projects to be financed,
- present the projects to the EIB for appraisal and, subsequently, to the Commission and to the Committee, with the appraisal of the EIB.

The Commission shall:

screen the proposed projects for their compatibility with Community objectives and, notably, rules for co-financing. In the latter scrutiny the EEA EFTA contributions shall be assimilated to Community financing.

the monitoring agents shall:

- monitor the projects according to a reporting plan annexed to the approved project plan,
- report to the beneficiary State and to the Committee.

#### 8. Language regime

The official languages of the EEA Agreement can be used. All documents submitted to the Committee must be provided by the beneficiary State/project promoter in English translation.

#### 9. *Financial arrangements*

The EEA EFTA States shall add a provision for appraisal and monitoring of 0,5 % to each payment to the beneficiary States, over and above the amount to be drawn on the agreed fund of EUR 119,6 million. All parties shall pay their own administrative costs.

The EIB, acting as a consultant to the project promoters/beneficiary States, shall charge a fee to its principals for its services.

The EEA EFTA States shall implement an appropriate financial management. Payments to the beneficiary States shall be made on the basis of orders of the Committee, which shall ensure timely execution. The accrued interest on the funds before the payment to beneficiaries belongs to the fund providers.

#### 10. *Short process description*

1. The project promoter proposes a project outline to the beneficiary State.
2. The beneficiary State proposes the project outline to the Commission and the Committee in pre-consultation to validate the idea.
3. In case of a positive outcome of the pre-consultation, project promoter asks the EIB to appraise the project. The appraisal shall cover technical, economic, financial, and managerial aspects of the proposal.
4. The project promoter submits the project plan, including budget, schedule, payment plan, monitoring plan and the EIB appraisal report, to the beneficiary State.
5. The beneficiary State submits the project with the documents mentioned in point 4 to the Commission for clearance on eligibility.
6. The beneficiary State submits the project with the documents mentioned in point 4 simultaneously to the Committee for approval.
7. The Committee may ask for supplementary information or propose a revision to the project plan, notably to its monitoring/payment plan. The Committee approves the (revised) project or gives a reasoned refusal. If approved, a commitment letter specifying relevant conditions is sent to the beneficiary State.
8. A contract is signed between the monitoring agent and the beneficiary State, based on the monitoring plan.
9. A contract is signed between the project promoter and the beneficiary State, and a grant agreement is signed between the beneficiary State and Committee.
10. The first instalment of 10 % is paid to the beneficiary State on the project promoter's signature of the contract with the contractor. Later instalments will take place according to the payment plan on a pro rata basis reflecting actual project implementation subsequent to a satisfactory monitoring report and approval by the Committee.
11. The project promoter carries out the project and the monitoring agent reports to the beneficiary State and the Committee.
12. If payments cannot be executed according to the plan, consultations may take place between the beneficiary State and the Committee.
13. If the Committee or the EFTA Board of Auditors wish to obtain information beyond that provided for in the monitoring plan, they may conduct their own audit or hire at their own cost an external auditor to audit the project. The beneficiary State may accompany the auditor. The project promoter and any other entity managing the project on his behalf should grant the auditor the same access to information as they would grant to their national authorities or their own auditors, as appropriate.
14. When the monitoring plan so requires, the monitoring Agent shall produce a project completion report or an evaluation report.

#### 11. *Concluding remarks*

Except when called for by changed circumstances, the operation of the new Financial Instrument will be conducted along the same lines as those followed in the administration of the outgoing financial mechanism. Supplementary documents may be established as appropriate.'

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