

Seed Money

The EEA Financial Mechanism & The Norwegian Financial Mechanism 2004-2009

(as amended on 26 January 2006, and on 20 September 2006)

**The EEA Financial Mechanism & The Norwegian Financial Mechanism
2004-2009**

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1. General

Article 2.2.3.2 of the Rules and Procedures for the implementation of the EEA Financial Mechanism and the same article of the Rules and Procedures for the implementation of the Norwegian Financial Mechanism (collectively referred to as the “Financial Mechanisms”) refer to guidelines on seed money. This guideline is intended to describe the general characteristics of seed money facilities.

2. What is seed money?

A seed money facility provides small grants to end-recipients for the preparation of proposals for individual projects, programmes and block grants. The seed money facility is managed by a seed money intermediary.

Seed money is intended to facilitate the development of promising projects idea of high relevance to the Financial Mechanisms’ priorities and to support the preparation of applications that are to be submitted to the Financial Mechanisms, in particular to support innovative approaches, complex project themes and the establishment of new partnerships created for the purpose of designing new projects.

Seed money grants provided from a seed money facility should generally be in the range from €5.000 to €20.000 per end-recipient.

3. Rate of grant assistance and co-financing

The rate of the financial assistance to the seed money facility is described in Article 3.2 of the Rules and Procedures as follows:

- (a) *Grant rate up to 60%*; With the exceptions referred to in subparagraphs (b) and (c) below, the grant rate shall not exceed 60% of the project cost.
- (b) *Grant rate up to 85%*; Where 15% or more of the project costs is co-financed by central, regional or local government budget allocations, the EEA Financial Mechanism may provide a grant for the remainder of the project cost.
- (c) *Grant rate up to and above 85%*; For grant assistance set up to support NGO activities (including social partners), or to provide seed money or scholarships, the EEA Financial Mechanism and the Norwegian Financial Mechanism may be applied in combination in order to allow grant rates above those described in sub-paragraph (a) and (b) of this Article, but generally not above 90%. Domestic co-financing will normally be required.

The required co-financing shall normally be applied at the intermediary level.

In addition to co-financing of the facility, intermediaries responsible for the implementation of seed money facilities shall generally require that seed money grants funded by the seed money facility are co-financed by the end-recipients. With

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the exception in the paragraph below, such co-financing by end-recipients does not affect the co-financing rate at the intermediary level.

In exceptional cases, where the requirement of co-financing at the intermediary level might prevent establishment of the facility, the Financial Mechanism Committee and/or the Norwegian Ministry of Foreign Affairs may decide to apply the grant rate requirements in paragraph 1 to the seed money grants (end-recipients level) instead of to the facility itself (intermediary level). In such cases, the Beneficiary States shall consult with the Financial Mechanism Committee and/or the Norwegian Ministry of Foreign Affairs and obtain their/its interim approval for such arrangement, prior to submitting the application to the FMO.

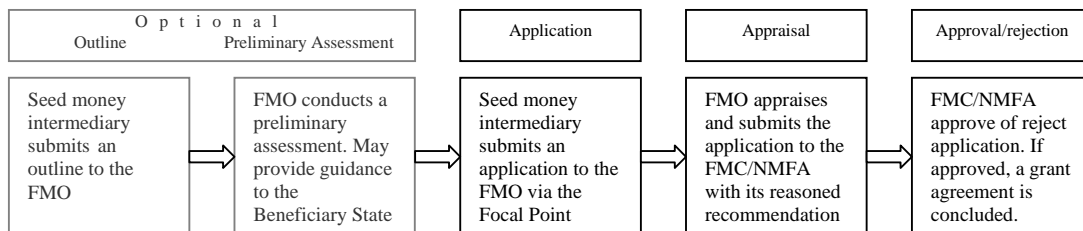
4. Procedures for a seed money facility application

As well as acting as a seed money intermediary itself, the Focal Point may select a seed money intermediary from all public and private sector bodies and non-governmental organisations (NGOs) constituted as legal entities in the Beneficiary State and operating in the public interest - e.g., national, regional and local authorities, education/research institutions, environmental bodies, voluntary and community organisations and public-private partnerships.

The operations of a seed money facility may be entrusted to the Financial Mechanism Office (FMO), which would normally appoint and contract an external body to implement the facility. In such cases, the provisions of this guideline, as well as provisions of the Rules and Procedures and other guidelines related to the application process, disbursements, monitoring, irregularities, reporting, and publicity, do not apply.

In principle, the seed money intermediary should have strong ties either to the sector concerned or the geographical area in which the seed money facility is to be implemented. The seed money intermediary shall act as an accountable body for the seed money facility, assuming full responsibility for the correct implementation thereof.

Summary for seed money



The applicant, the Focal Point itself or an entity selected by the Focal Point to become a seed money intermediary, may submit an outline of the envisaged seed money facility before submitting a complete application. Full applications and outlines thereof shall be submitted to the FMO through the Focal Point.

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The Focal Point shall, prior to submitting an application, consult with the FMC and/or the Norwegian Ministry of Foreign Affairs on the content and set-up of the seed money facility.

After receiving a complete application, the FMO will assess whether the seed money facility is suitable for grant assistance and whether the suggested implementation setup is adequate. The FMO gives a recommendation for decision to the FMC and/or the Norwegian Ministry of Foreign Affairs.

The approval of the Committee and/or the Norwegian Ministry of Foreign Affairs may only be given after submission of a complete application, including the proposed implementation arrangements for the seed money facility.

If the application is approved, the FMO notifies the Focal Point. A grant agreement is subsequently concluded between the FMC and/or the Norwegian Ministry of Foreign Affairs on the one hand and the Focal Point on the other. If an application is rejected, the FMO will similarly notify the Focal Point.

5. Selection of sub-projects

The seed money intermediary is responsible for ensuring proper assessment of individual applications for seed money. It shall decide on whether applications are approved or rejected.

The procedures for selection of individual applications are to be agreed on by the FMC and/or Norwegian Ministry of Foreign Affairs and the Focal Point in the grant agreement. The seed money intermediary will submit its initial suggestion for the selection process along with the seed money facility application. The grant assessment arrangements of the seed money intermediaries must allow effective competition to take place. The FMC and/or the Norwegian Ministry of Foreign Affairs may make suggestions for improvements of the procedure.

The system set up by the seed money intermediary must:

1. Ensure that different interests in the geographical area or sector are taken into account
2. Assure that decisions are taken in a transparent manner
3. Provide that reasoned accounts of the seed money intermediary's decisions are sent to the prospective end-recipients and to the FMC and/or the Norwegian Ministry of Foreign Affairs

The intermediary must widely advertise the call for applications for seed money, using different media so that organisations and individuals in the agreed target areas and groups know they are available. The intermediary should provide potential applicants with an application form.

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6. Management costs of the seed money intermediary

In cases where additional dedicated management structures and systems are created for the seed money facility, with staff hired exclusively for this purpose, the necessary related costs can be included in the eligible seed money facility budget. These costs shall be decided by the FMC and/or the Norwegian Ministry of Foreign Affairs on case-by-case bases, taking into account the size of the facility, the responsibilities of the intermediary and other relevant factors. These costs shall generally be in the range of 4-10 % of the total eligible cost of the seed money facility. The amount of the total eligible management costs under this article shall be set in the grant agreement.

7. Monitoring and evaluation

The monitoring arrangements for the seed money facility shall be stipulated in the grant agreement. The Focal Point shall ensure that these arrangements are sufficiently implemented and, if needed, take steps to strengthen them.

- The seed money intermediary shall make the appropriate arrangements on the reporting with the end-recipients.
- The Focal Point shall make appropriate arrangements on reporting with the seed money intermediary.
- The Focal Point transmits at least annually progress reports to the FMO. The reports shall list all projects which have received seed money and what the result of that funding has been, in particular whether seed money has led to projects proposals.
- The FMO may monitor seed money facilities. For this purpose, the FMO will normally use the services of a monitoring agent to undertake external monitoring of the seed money facility, as well as conduct on-the-spot checks.
- Ex-post evaluation of the seed money facility may be carried out individually or in the context of the programming framework of the Beneficiary State in question.

The Beneficiary State Reporting and Monitoring Guidelines contain a more detailed description of the reporting and monitoring requirements and procedures.

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8. Disbursements

Disbursements relating to seed money facilities may in part be made as advance payments. The advance payment will be disbursed in accordance with the grant agreement.

The seed money intermediary must put in place the arrangements necessary to ensure satisfactory cash flow to the end-recipients under the seed money facility.

The seed money intermediary will be responsible for the correct use of funds and guarantee the authenticity of proof of expenditure, forwarded to the FMO.

The seed money intermediary shall aggregate payment claims for the seed money facility and transmit to the National Focal Point. The aggregated payment claim is an integral part of the project interim report. The National Focal Point in turn presents the documentation to the FMO or, if applicable, its designated disbursement agent for disbursements.

The Disbursement Guidelines contain a more detailed description of the disbursement procedures.

9. Financial Control and Audit

Audit and financial control is carried out in accordance with Article 6 of the Rules and Procedures of the EEA Financial Mechanism and the same Article of the Rules and Procedures of the Norwegian Financial Mechanism.