

Manual for Fund Operators of the Active Citizens Fund

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LIST OF ABBREVIATIONS

EEA	European Economic Area
EFTA	European Free Trade Association
FM(s)	Financial Mechanism(s)
FMO	Financial Mechanism Office
FMC	Financial Mechanism Committee
FO	Fund Operator
IFAC	International Federation of Accountants
IFR	Interim Financial Report
ISA	International Standards on Auditing
ISAE	International Standard Assurance Engagements
ISQC	International Standards on Quality Control
LGTBI	Lesbian, Gay, Transgender, Bisexual, Intersexed
MCS	Management and control systems
MoU	Memorandum of Understanding
NGO	Non-governmental organisation
NFP	National Focal Point
PDP	Pre-defined project
PIA	Programme Implementation Agreement
ToR	Terms of Reference (for selection of Fund Operator)
VAT	Value-added tax

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Will be provided by the FMO following selection of the FO
 Will be provided by the FMO following selection of the FO
 Will be provided by the FMO during first year of programme implementation
 Will be provided by the FMO during first year of programme implementation

⁵ Will be provided by the FMO following selection of the FO

⁶ Will be provided by the FMO following selection of the FO

I GENERAL

This Manual applies to the implementation of the programmes for civil society, the Active Citizens Funds, funded by the EEA and Norwegian Financial Mechanisms 2014-21. The Active Citizens Funds are established under Programme Area 15 'Civil Society'. The purpose of the Manual is to clarify specific references in the Programme Implementation Agreement and provide further rules and guidance to the Fund Operators in the development and implementation of the Active Citizens Funds.

There shall be one Active Citizens Fund in each beneficiary state, with funding provided from the EEA Financial Mechanism 2014-2021, but funding may also be provided from the Norwegian Financial Mechanism 2014-2021 (hereinafter the FM or FMs). The following documents constitute the legally binding framework that applies to the present Manual:

- Protocol 38c of the EEA Agreement on the EEA Financial Mechanisms 2014-2021 and the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the Period 2014-2021, as applicable; (hereinafter referred to together as 'the Agreements')
- The Regulation on the implementation of the EEA Financial Mechanism 2014-2021 (the Regulation) and the Regulation on the implementation of the Norwegian Financial Mechanism 2014-2021, as applicable?
- The Memorandum of Understanding (MoU) signed between the donor state(s) and the beneficiary state

In line with paragraph 2. (b) of Article 10 of Protocol 38c, the EFTA States shall operate and be responsible for the implementation, including management and control, of the fund for civil society, unless otherwise agreed in the Memorandum of Understanding. Article 6.13 of the Regulation further details that unless otherwise agreed in the MoU, the Financial Mechanism Office (FMO) shall be responsible for the operations of programmes falling under the programme area 'Civil Society'.

This Manual applies to the Active Citizens Funds, which, based on paragraph 4 of Article 6.13 of the Regulation, are implemented by Fund Operators, appointed and contracted by the FMO. This Manual should be read in conjunction with the Civil Society Results Manual (Annex B) and other annexes. When the operations of the programme for civil society is entrusted to the FMO in line with paragraph 3 of Article 6.13 of the Regulation, the Regulation shall not apply, only this Manual,

⁷ In case the operation of the programme for civil society is entrusted to FMO the Regulation does not apply, only with respect to Article 6.13 therein. Regulation on the implementation of the Norwegian Financial Mechanism 2014-21 applies only in cases, where the EEA programme for civil society receives additional funding from the Norwegian FM.

and any document referred to within shall be applicable for the implementation of such a programme.

II THE ACTIVE CITIZENS FUND

2.1 BACKGROUND

Civil society plays an important role in strengthening democratic governance, defending human rights and engaging citizens in decision-making at local, national and European levels. Actors of civil society includes, but is not limited to, non-governmental organisations (NGOs), social enterprises, community organisations, grass-roots initiatives, informal groups and civic activists. They are independent from the state, and are active in different fields, including active citizenship, gender equality, social inclusion, environment etc. Civil society organisations are formed on the basis of shared values, beliefs and objectives and are usually close to local communities. They come together on a voluntary basis to bring about and advocate for social change, empower, represent and defend vulnerable and socially excluded groups, and trigger social innovation.

Support to civil society is a key priority for the EEA and Norwegian FMs, funded by Iceland, Liechtenstein and Norway. The FMs have a specific Programme Area for Civil Society. According to Protocol 38c to the EEA Agreement on the EEA and Norwegian Financial Mechanisms 2014-21, 10% of the total of the country specific allocations shall be set aside for a fund for civil society in each of the 15 beneficiary states.⁸ The donors consider this to be a minimum amount.

2.2 Overarching objectives and principles

The Active Citizens Funds shall contribute to the overall objectives of the FMs to reduce economic and social disparities, and to strengthen bilateral relations between the donor states and the beneficiary states.

The programmes shall be based on the common values of respect of human dignity, freedom, democracy, equality, the rule of law and the respect for human rights including the rights of persons belonging to minorities. ⁹ The programmes shall also adhere to the following main principles of implementation:

- Principles of good governance; they shall be participatory and inclusive, accountable, transparent, responsive, effective and efficient. There shall be zero-tolerance towards corruption
- They shall be consistent with sustainable development, long-term economic growth, social cohesion and environmental protection

⁸ Beneficiary states: Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia.

⁹ Article 1.2 of Protocol 38c on the EEA and Norwegian Financial Mechanisms (2014-2021).

• They shall follow a results and risk management approach

2.3 OBJECTIVES OF THE ACTIVE CITIZENS FUND

The Active Citizens Funds are established under the priority sector 'Culture, Civil Society, Good Governance and Fundamental Rights and Freedoms' and within Programme Area 15 'Civil Society'. The objective of the Programme Area is: Civil society and active citizenship strengthened and vulnerable groups empowered.

The Active Citizens Funds shall also contribute to strengthening bilateral relations between civil society and other entities in the beneficiary state and entities in the donor states as well as promoting regional exchange and networking, with a view of sharing knowledge and best practice across civil society.

2.4 AREAS OF SUPPORT

In order to reach the objective, the Active Citizen Funds may allocate funding to these five areas of support:

- Democracy, active citizenship, good governance and transparency
- Human rights and equal treatment through combating any discrimination on the grounds of racial or ethnic origin, religion or belief, gender, disability, age, sexual orientation or gender identity
- Social justice and inclusion of vulnerable groups
- Gender equality and gender-based violence
- Environment and climate change

2.5 PROGRAMME AREA SPECIFICS

The Active Citizens Funds shall adhere to the following conditions, which are considered key to fulfilling the Programme objective:

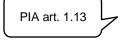
- At least a third of the regranting amount shall be allocated to democracy and human rights relevant projects
- All programmes shall include youth inclusion
- Protection of the environment and climate change shall only be supported as part of measures to promote civic participation, advocacy, social innovation and active citizenship
- Provision of welfare and basic services shall only be supported as part of wider actions addressing awareness-raising, advocacy, empowerment and reform initiatives
- At least 15% of the regranting amount shall contribute to capacity development and sustainability of civil society including NGOs

2.6 SUGGESTED MEASURES

The following list elaborates on the areas of support by giving examples of types of activities that are eligible under the grants. The list is non-exhaustive.

- Advocacy, awareness-raising and outreach to citizens
- Watchdog and monitoring, including following up on recommendations of international monitoring bodies
- Citizen activism, volunteering and civic participation
- Participation in policy and decision-making processes, including promoting an enabling environment for civil society
- Support for freedom of expression, investigative journalism and media
- Countering hate speech, including support to networks working with hate crime victims
- Promoting LGBTI rights and anti-discrimination activities
- Capacity building of the civil society sector, including sustainability, networking and accountability of NGOs
- Partnerships between NGOs, public and private sector entities
- Civic education and training
- · Research and analysis to inform policy-making
- Social innovation and social enterprise development
- Intercultural dialogue, including platforms for minority/majority interactions
- Inter-generational cooperation
- Awareness-raising and capacity building on environmental issues including climate change and adaptation
- Access to information, participation in decision-making and access to justice in environmental matters in accordance with the <u>Aarhus Convention</u>

2.7 OPERATIONAL PERIOD



The operational period of an Active Citizens Fund is from the signing of the Programme Implementation Agreement (PIA) until 31 December 2024. The final date of eligibility of project costs shall be no later than 30 April 2024. In

justified cases, the Fund Operator may request a shortened operational period. This is to be requested prior to signature of the PIA, agreed with the FMO and stated in Annex I to the Programme Implementation Agreement.

III INFORMATION AND COMMUNICATION REQUIREMENTS

The Fund Operator is responsible for implementing information and communication activities that provide information on the Programme's objective, implementation and achievements to the general public of the beneficiary state, potential beneficiaries, the civil society sector and its partners, in line with the publicity requirements set out in this Manual and with the Communication and Design Manual.

These information and communication activities have the aim of:

- Increasing public awareness about the contribution and role played by the donors
- Strengthening public awareness of and engagement with the objective and activities of the Active Citizens Fund and the issues it addresses
- Ensuring broad visibility and communication of results and achievement at Programme and project levels
- Informing potential and actual beneficiaries and partners about the opportunities offered under the Active Citizens Fund
- Ensuring transparency about how the funding is used

The Fund Operator reports to the FMO, and informs the donor state embassies and National Focal Point, on major information and communication events. Communication activities are coordinated with the donor state embassies when applicable.

The Fund Operator also ensures that project promoters fulfil their information and communication obligations, referred to in Chapter 3 of the PIA.

3.1 PREPARATION OF THE COMMUNICATION PLAN

Each Fund Operator includes a communication plan with the draft Programme Implementation Agreement. The communication plan aims to create awareness of the existence, objectives, possibilities for and actual bilateral cooperation with entities in Iceland, Liechtenstein and/or Norway, the implementation, results and the overall impact of support from the donors through the Programme.

The communication plan includes at least the following:

- a description of the communication objectives and target groups
- the strategy and content of the information and communication measures, including activities, tools, timeframe and estimated budget
- how the information and communication measures are to be evaluated in terms of visibility and awareness of the project

- information on the Programme's website (see below)
- information on responsibilities within the FO and its partners for implementation of information and communication measures, including a contact person.

3.2 IMPLEMENTATION OF THE COMMUNICATION PLAN

The Fund Operator is responsible for implementing the communication plan and ensuring that information and communication activities reach the widest possible audience.

The Fund Operator shall provide potential beneficiaries with clear and detailed information on at least the following:

- the calls for proposals
- eligibility criteria for project funding
- application procedures
- selection criteria, procedures and decision-making
- the objective of and possibilities for networking and bilateral cooperation with entities from the donor countries, including contact details of the Donor Contact Point(s)
- contacts who can provide information on the Programme and available funding

Relevant partners for information and communication activities include:

- national, regional and local authorities
- national, regional and local media
- Embassies and other representatives of Iceland, Liechtenstein and/or Norway;
- development agencies
- trade, professional and business associations
- economic and social partners
- civil society
- educational institutions,
- think tanks, and/or
- information centres on Europe.

The Fund Operator submits the open call documents in English to the FMO at least four weeks before they are launched, in order for this information to be published on the website of the EEA and Norway Grants.

Organisers of information events such as conferences, seminars, fairs and exhibitions in connection with the Programme make visible the support of the donor states.

3.2.1 Web requirements

Each Fund Operator must create a stand-alone website dedicated to the Active Citizens Fund. The webpage shall use web-responsive design and comply with the Web Content Accessibility

Guidelines for the visually impaired and include the following information in the language(s) of the beneficiary state and English¹⁰:

- information on the Programme, the EEA and Norway Grants and the donors
- an overview of open calls, including documents pertaining to the open calls
- information on selection criteria, procedures and deadlines
- information on all funded projects, including contact information, a description of the projects and their duration, the amount of funding allocated to the projects and information on cooperation with donor state entities
- information on impact, achievements and results of the Programme
- relevant documents, including the annual programme reports and the Final Programme Report
- a link to the website of the EEA and Norway Grants [www.eeagrants.org]
- a link to the website of the EEA and Norway Grants in the beneficiary state
- links to websites of Donor Contact Point(s)
- FO contact information
- links to results and impact from the previous programme for civil society under the EEA and Norway Grants

3.3 PROJECT PROMOTERS

3.3.1 Responsibilities of the project promoter

The project promoter provides information on the project to the widest possible audience at the appropriate national, regional and/or local levels. The Project Promoter develops and implements the Communication Plan as described below. The project promoter reports to the Fund Operator on information and communication obligations.

3.3.2 Preparation of the communication plan

Potential beneficiaries shall include a communication plan in their project application, with the aim of creating awareness of the existence, the objectives, any bilateral cooperation with entities in Iceland, Liechtenstein and/or Norway, the implementation, results and the impact of support from the Donors to the project, in accordance with Article 1.2.2 of the PIA.

The communication plan shall include at least the following:

a. the aims and target groups, including stakeholders on national, regional and/or local levels and the general public

¹⁰ http://www.w3.org/TR/WCAG20

- b. the strategy and content of the information and communication measures, including activities, communication tools and timeframe, having regard to the added value and impact of the funding from the Donors
- c. at least two information activities on progress, achievements and results in the project, such as a seminar or a conference with stakeholders, a press conference or press event, including a launch activity and/or a closing activity for the project. For projects whose grant size is less than EUR 50 000, one information activity is sufficient and can be of smaller scale
- d. measures for making information on the project available on the web, either through a dedicated website or through a dedicated webpage on the organisation's existing website with linking between the pages, or, alternatively, through an active social media profile for the project where a website does not already exist. Where a social media profile is created for a project and after the final eligibility date of the project, the social media profile shall remain visible and all information shall remain accessible.
- e. information about the project, its progress, achievements and results, the cooperation with entities in Iceland, Liechtenstein and/or Norway, relevant photos, contact information and a clear reference to the Programme and the EEA and Norway Grants. The information of the project must be regularly updated in the language(s) of the Beneficiary State
 - All projects receiving a minimum of € 150,000 support from the EEA and Norway Grants and/or having a Donor Project Partner shall be required to have the dedicated project information in English as well as in the national language
- f. information on the web shall include information about the project, its progress, achievements and results, the cooperation with entities in Iceland, Liechtenstein and Norway, relevant photos, contact information and a clear reference to the Programme and the EEA and Norway Grant
- g. information on the administrative departments or bodies responsible for implementation of the information and communication measures, including a contact person
- h. an indication of how the information and communication measures are to be evaluated in terms of visibility and awareness of the project its objectives and impact, and the Donors.

3.3.3 Implementation of the communication plan

The project promoter implements the communication plan.

Organisers of information events such as conferences, seminars, fairs and exhibitions in connection with implementation of the project make explicit and visible the support of the donor countries.

Project promoters of projects fulfilling the following two conditions put up a billboard at the site of each operation, during implementation, in line with requirements of the Communication and Design Manual:

- a. projects whose total grant amount to the project exceeds EUR 50 000
- b. the operation consists in the financing of a physical object, infrastructure or of construction operations

No later than six months after completion of the project, the promoters of projects meeting conditions (a) and (b) replace the billboard with a permanent commemorative plaque that is visible, of significant size and in line with the Communication and Design Manual.

3.4 DESIGN AND VISUAL PROFILE

The Fund Operator is responsible for ensuring that all information and communication material related to the Programme that are carried out in the beneficiary state by the FO and project promoters are in line with the Communication and Design Manual. The Manual sets out detailed technical requirements on the use of logos, as well as billboards, plaques, posters, publications, websites and audio-visual material.

IV MANAGEMENT SET-UP AND SELECTION OF FUND OPERATOR

The FMO acts as Programme Operator (PO), and the implementation of the Programme is carried out by a Fund Operator (FO), appointed and contracted by the FMO. The Fund Operator shall be selected through an open tender procedure in each beneficiary state.

4.1 Role of the FMO as Programme Operator

The role of the FMO as Programme Operator is to select and contract the Fund Operator, monitor compliance with the legal framework of the Active Citizens Fund and follow up on the progress and quality of programme implementation.

4.2 ROLE OF THE NATIONAL FOCAL POINT

The National Focal Point (NFP) receives information on the launching of the tender for the selection of the Fund Operator, and the results of the tender process. The NFP will be consulted in the organisation of the stakeholder consultation meeting (see Section III.1. of the Civil Society Results Manual).

During implementation, the NFP is sent the draft call text by the Fund Operator at least two weeks in advance of the launch of the call; is invited to the selection committee meetings and to the annual review meetings as an observer; and is informed of regional civil society events, as well as bilateral activities, organised by the FO.

The Programme Implementation Agreement contains provisions on reporting to the National Focal Point¹¹.

When the FMO is Programme Operator, the National Focal Point bears no responsibility for the implementation of the Active Citizens Fund, financially or otherwise¹².

4.3 PROCESS FOR SELECTION AND EVALUATION FOR THE ROLE OF THE FUND OPERATOR

The Programme shall be operated by a consortium.¹³ One organisation may not be part of more than one bid.

¹¹ Article 6.13.4 of the Regulation

¹² Article 6.13.5 of the Regulation

¹³ In case of Malta and Cyprus due to the small allocation, which also influences the size of the management cost, the requirement to form a consortium is waived.

According to the Terms of Reference (ToR) for the Fund Operator role, in order to be eligible for the Fund Operator role, all bidders must:

- Be legal entities in the EEA and
- Be non-governmental, independent of local, regional and central government, political parties and religious institutions and
- Form a consortium¹⁴ and
- Have stable and sufficient sources of finance to maintain their activity throughout the Programme and
- Have experience working with the civil society sector in the beneficiary country

In addition, the lead bidder must:

• Be non-profit making with a non-commercial purpose

At least one organisation in the consortium must:

- Have sufficient regranting experience
- Have sufficient experience in strengthening civil society capacity and sustainability

Bids for the Fund Operator role are assessed against administrative, eligibility and evaluation criteria described in the ToR. Bids that meet the administrative and eligibility criteria are evaluated by the FMO Evaluation Committee, and the final approval of the selection of the Fund Operator will be given by the donors. The National Focal Point shall be informed of the selected bid.

4.4 ENTERING INTO A PROGRAMME IMPLEMENTATION AGREEMENT

The roles and responsibilities of the FMO and the Fund Operator are set out in the Programme Implementation Agreement between the FMO and the Fund Operator.¹⁵

Following the selection of the FO, and prior to signature of the PIA, the selected Fund Operator and the FMO develop the content of the Programme.

Prior to signature of the PIA, an implementation plan and timeline are prepared by the FO, using a template provided by the FMO. This implementation plan includes a risk assessment and mitigation analysis, indicative plan for bilateral cooperation and Regional Civil Society Initiatives for the first year, as well as a communication plan.

¹⁴ In the case of Malta and Cyprus due to the small allocation, which also influences the size of the management cost, the requirement to form a consortium is waived.

¹⁵ Article 6.13.4 of the Regulation

The process of developing the Programme is described in Chapter 5 of this Manual. *The FMO* reserves the right to select the next highest-scoring bidder, if an agreement with the selected bidder cannot be reached within six months of the selection of the FO.

V PROGRAMME DEVELOPMENT AND IMPLEMENTATION

The Fund Operator is responsible for the development and implementation of the Programme. This chapter describes the process of programme development and the main responsibilities of the Fund Operator.

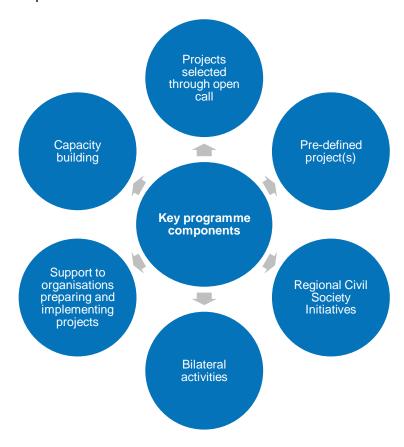
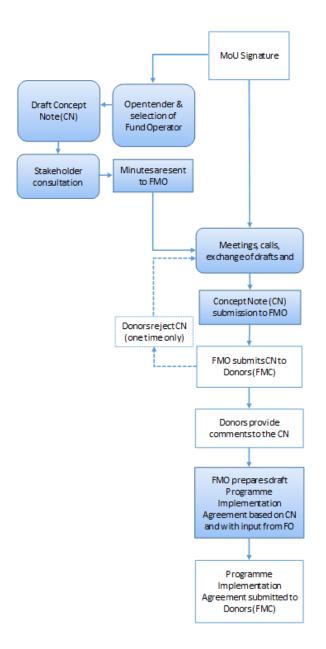


Figure 1: Main components of the Active Citizens Funds

5.1 DEVELOPMENT OF CONCEPT NOTE

The selected Fund Operator develops a Concept Note defining the planned scope and results of the Active Citizens Fund in close cooperation with the FMO. The Concept Note builds on the information provided in the bid and is informed by consultation with relevant stakeholders, including but not limited to civil society organisations, grassroots and community-based organisations, government representatives, public and private entities (see Annex B, Civil Society Results Manual, for more details on stakeholder consultations).



The FMO as Programme Operator and the Financial Mechanism Committee (FMC) assess the Concept Note and provide comments. Comments made by the FMO and the FMC are taken into account in the programme's preparation, which results in the finalisation of a Programme Implementation Agreement.

Figure 2 illustrates the process of programme development from the signing of the MoU to signature of the PIA. Further guidance on programme development, including the preparation of the Concept Note can be found in Annex B (Civil Society Results Manual).

The Concept Note shall be submitted to FMO no later than 12 weeks after the selection of the Fund Operator.

Figure 2: From the MoU to the Programme Implementation Agreement

5.2 ALIGN THE PROGRAMME WITH OBJECTIVES AND REQUIREMENTS

The Fund Operator ensures that the design and implementation of the Programme contribute both to the overall objectives of the EEA and Norwegian Financial Mechanisms 2014-2021 described in section 2.2, and to the objective of the Programme Area described in section 2.3. The Fund Operator ensures that the Programme complies with the Areas of Support and Programme Area Specifics, and addresses the country-specific areas and concerns, as described in sections 2.4 and 2.5.

5.3 COORDINATE WITH OTHER EEA AND NORWAY GRANTS STAKEHOLDERS

The Fund Operator is responsible for:

- Providing regular updates and information on the Programme (including Annual Programme Reports) to the NFP, and inviting the NFP as observer to participate in the meetings of the Selection Committee and in Annual Programme Review Meetings
- Informing and coordinating with the Programme Operators of other EEA and Norway Grants programmes in the country, in order to foster synergies and avoid overlaps. Relevant programmes may be identified in the PIA

5.4 DEVELOP AND IMPLEMENT REGIONAL CIVIL SOCIETY INITIATIVES

Example of a Regional Civil Society Initiative:

During a coordination meeting organised by the FMO, three FOs decide to organise a regional seminar on Hate Speech instead of each organising a separate one in their countries. This will allow better use of funds, increased visibility and enhanced networking.

Regional Civil Society Initiatives are activities that contribute the Programme objective and aim to regional promote exchange networking, with a view to strengthen civil society sector, sharing knowledge, promoting mutual learning, adoption and use of knowledge and best practice across civil society.

PIA art. 5.2 Regional Civil Society Initiatives

The FO is required to set aside an amount of the total Programme allocation for Regional Civil Society

Initiatives. The maximum amount for each beneficiary state is indicated in the Terms of Reference and in section 5.8 of this Manual.

Regional Civil Society Initiatives are organised by at least two FOs (or by the FO together with another EEA and Norway Grants Programme Operator in the beneficiary state), and may also be initiated by the FMO or donors. Participants in Regional Civil Society Initiatives can include the FOs of Active Citizens Funds, other EEA and Norway Grants Programme Operators, project promoters and their partners, and civil society stakeholders, as well as international organisations.

A provisional plan for the first year's Regional Civil Society Initiatives is submitted prior to the signing of the PIA.

Within the first year of programme implementation a **plan** is submitted to the FMO for approval based on coordination with other Fund Operators.

Thereafter, the Fund Operator submits **annual updates to the plan** for Regional Civil Society Initiatives to the FMO based on coordination with other FOs as well as other relevant stakeholders. The FO informs the donor state embassies in the beneficiary country and the NFP about planned initiatives. The plan is in English, and is made available via the <u>Active Citizens Fund webspace</u>.

5.5 PROMOTE AND FACILITATE BILATERAL COOPERATION

The Programme contributes to strengthening bilateral relations between civil society organisations and other entities in the beneficiary country and in the donor states, in line with the overall objectives of the EEA and Norway Grants. Bilateral cooperation in the Programme is mutually beneficial, based on a strategic and long-term perspective, and leverages the respective strengths of entities in the donor states and in the beneficiary states. Bilateral cooperation contributes to the objective of the Active Citizens Fund.



Bilateral cooperation refers to networking, exchange, strengthening cooperation, sharing and transfer of knowledge, technology, experience and best practice between civil society organisations and other entities in the beneficiary states and in the donor states. 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, also contribute to bilateral cooperation.

The involvement of a donor state entity is a pre-requisite for the activity to be considered a bilateral activity. International organisations may also be involved in bilateral activities.

A Donor Contact Point(s) will be in place to strengthen bilateral relations between civil society in the donor states and the beneficiary states. Their role will be to facilitate and support the preparation and implementation of bilateral cooperation under the Active Citizens Funds.

Examples of bilateral activities under the Fund for Bilateral Relations:

- The FO, in cooperation with the FMO and the Donor Contact Point(s), assesses that several project promoters are active in the field of human rights education, and would benefit from cooperation with a donor partner in this area. With support from the Donor Contact Point(s), donor partners with experience in this are identified. Exchange visits and internships between donor and beneficiary state partners are organised, enabling sharing of best practice in human rights education that benefits both parties and strengthens bilateral relations.
- 2. A project partner in the beneficiary state has identified an area of common concern with a donor state, and would like to initiate exchange study visits. With the help of the Donor Contact Point(s), and in cooperation with the FO, they identify a suitable partner in the donor country. Study visits and conferences facilitate mutual learning and enable both sides to improve policy and practice.

A Fund for Bilateral Relations, with a minimum of 1% (and not less than EUR 10 000) of the total allocation for programmes up to EUR 20 million, and 0.5% of the total allocation for programmes above EUR 20 million, is put aside to support bilateral cooperation.

A provisional plan for the first year's bilateral cooperation is submitted prior to the signing of the PIA. This is drawn up in coordination with the FMO and can be informed by discussions with the Donor Contact Point(s).

Within the first year of programme implementation, a plan shall be submitted to the FMO for approval. The plan shall be developed in cooperation with the Donor Contact Point(s) and include the administrative procedures for how to manage the fund to best facilitate the objective of bilateral cooperation as described above.

Thereafter, the Fund Operator submits annual updates to the bilateral activities plan to the FMO. The FO shares information on bilateral plans and activities with the other Fund Operators of the Active Citizens Funds in the beneficiary states in order to ensure a strategic approach to bilateral cooperation across the beneficiary countries, and informs the donor state embassies and National Focal Point of significant bilateral activities.

The plan is in English, and is made available via the Active Citizens Fund webspace.

5.6 BUILD THE CAPACITY AND SUSTAINABILITY OF CIVIL SOCIETY

The Fund Operator is responsible for ensuring that the Programme develops the capacity and sustainability of the civil society sector. This includes a range of actions that strengthen capacities and sustainability of civil society organisations and the sector, with the aim of helping civil society achieve and sustain effective social impact and reach the Programme objective.

Capacity development should be integrated across the Programme, and should target the civil society sector, including project promoters, their partners, networks and coalitions. Fund Operators shall ensure that a minimum of 15% of the regranting amount is allocated to support capacity development and sustainability of civil society organisations (including NGOs) and the sector.

Capacity building under the Active Citizens Fund shall build the sustainability of the civil society sector and NGOs. Suggested measures to strengthen different dimensions of sustainability include (but are not limited to):

- Organisational sustainability (e.g. strengthening individual organisations' internal governance, transparency, communication and strategic planning skills)
- Institutional sustainability (e.g. strengthening the networks and structures to promote lasting results beyond the end of the Programme)
- Financial sustainability (e.g. diversifying sources of revenue to ensure follow-up activities and continued operation beyond the end of the Programme)
- Policy-level sustainability (e.g. improving legislation, administration, policy frameworks etc.)

Capacity building can take place at different levels. At the level of individual NGOs capacity building can improve project preparation and implementation as well as support organisational development to build specific skills – fundraising, strategy development, human resource management etc.

At the level of the sector, capacity building can include support to networking and partnerships across civil society, policy and advocacy, research that can help strengthen the voice of civil society vis-à-vis decision-makers and civic infrastructure.

Examples of capacity building at sector level:

- 1. As part of a pre-defined project, the FO (with support from capacity building experts) puts in place a rigorous capacity assessment tool to assist project promoters in identifying their existing capacity level, their needs and gaps. On the basis of this assessment, each project promoter is given opportunities for training, pro-bono mentoring, networking events and best-practice sharing among international and local organizations. Mentoring and peer-to-peer learning are particularly effective in improving organisational development and sharing good practices.
- 2. The FO organises a call for advocacy organisations to build their organisational capacity. The projects provide core institutional funding over a 3-year period. Selection is based on a medium-term strategic plan for improving human resource management, strengthening expertise in policy analysis and advocacy, and engagement with advocacy networks and coalitions, as well as other aspects of organisational capacity. The FO provides coaching as well as opportunities for networking and peer-to-peer learning, and engages advocacy specialists to build skills in attracting experts and volunteers, analysing policy documents, submitting opinions and advocacy using social media.

5.7 PROVIDE SUPPORT FOR ORGANISATIONS PREPARING AND IMPLEMENTING PROJECTS

The Fund Operator is required to provide information, support and learning opportunities for potential applicants, and mentoring, coaching and guidance to project promoters, for the purpose

of supporting project preparation and implementation, and strengthening the organisational capacity and sustainability of project promoters.

As a minimum, the Fund Operator is required to:

- Develop clear call texts and guidelines for applicants
- Organise information sessions for potential applicants regarding the call and application process
- Answer questions and queries regarding open calls
- Disseminate the questions and answers in a manner accessible to all applicants
- Provide guidance and training to project promoters to enhance the quality of project implementation
- Ensure geographic outreach and inclusion of vulnerable groups in the activities supporting organisations preparing and implementing projects
- Identify potential applicants/target groups that would require extra support in order to be able to submit an application/implement a project

Examples of support to organisations preparing and implementing projects:

- 1. <u>Support to project preparation</u>: the FO organises information sessions and workshops in rural and other under-served areas, to help potential applicants understand the application process and develop their project proposals. The first series of workshops offers specialist support to applicants working in thematic areas that are difficult for smaller organisations and which generate fewer applications, including public scrutiny, watchdog and advocacy work. The second series of workshops provides coaching to smaller organisations on how to diagnose the problem they wish to address, define their objectives, set targets and indicators, and select their methodology for reaching their objective. The FO provides this training itself, and hires additional expertise for the thematic workshops.
- 2. Support to implementation: targeted support is provided to organisations whose capacity assessment identified particular needs. They are offered a combination of individual consultation and workshops to support their skills in activity planning, financial reporting and general compliance with the Grants' requirements. Meetings are organised for project promoters implementing projects in similar thematic areas to exchange experience and build their capacity through peer-to-peer learning. Face-to-face training is complemented by an e-learning platform, which reinforces the learning process and provides a sustainable, accessible learning resource to guide project promoters and a means for them to contact and exchange with each other.

The proposed activities should be funded under the management fee.

In exceptional cases, the bidder may propose a higher ceiling for the management fee in order to provide support for project preparation and implementation beyond what is described above. This amount should be justified and should never exceed the indicated management fee by more than 30%. Such a level, if approved, shall be explicitly stipulated in the Programme Implementation Agreement (PIA).

The Fund Operator outlines its plans for support to organisations preparing and implementing projects as part of the implementation plan (see section 4.4 of this Manual).

5.8 PROGRAMME BUDGET

Upon submission of the Bid Form, the FO shall also submit a programme budget in a template attached to the ToR (Annex B to the ToR). The budget shall be composed of the following costs categories:

Budget heading	Eligible expenditure (EUR)	% of total
Management fee		
Outcome 1		
Outcome 2		
Outcome 3		
Fund for Regional Civil Society Initiatives		
Fund for Bilateral Relations		
Total		

When preparing the budget, the following principles have to be taken into account:

(1) Management fee	 The management fee shall vary according to the size of the total programme allocation, using the following keys: for programmes €0-5 million, the management fee percentage is calculated on a sliding scale in function of the size of the programme¹⁶ €5-10m, a maximum amount equal to 10% of the programme allocation for programmes above €10 million, the maximum management fee shall be the sum of the following amounts:	
(2) Regranting amount ¹⁷	Split by outcome	

 $^{^{16}}$ Y = [(-7X/4500000+35/45+17)*0.01], where Y= management fee percentage, X= total programme allocation.

¹⁷ The regranting amount is the portion of the total programme allocation that is earmarked for projects.

(3) Fund for Regional Civil Society Initiatives	 The allocation for Regional Civil Society Initiatives shall vary according to the size of the total programme allocation, using the key below: for programmes €0-3 million, a maximum amount equal to 30% of the management fee for programmes above €3-6 million, a maximum amount equal to 25% of the management fee for programmes above €6-12 million, a maximum amount equal to 20% of the management fee for programmes above €12 million, a maximum amount equal to 10% of the management fee
(4) Fund for Bilateral Relations	A minimum of 1% (and not less than €10,000) of the total allocation for programmes up to €20 million, and 0.5% of the total allocation for programmes above €20 million.

The donor states' contribution is 100% of the eligible expenditure of the programme.

5.9 MANAGEMENT FEE

The management fee shall cover the costs of the FO related to the preparation, implementation and management of the Programme. The FMO will retain 15% of the management fee. The retained amount shall not be paid until the Final Programme Report has been approved by the FMO.

In exceptional cases, the bidder may propose a higher ceiling for the management fee in order to provide support for project preparation and implementation beyond what is described in section 5.7. This amount should be justified and should never exceed the indicated management fee by more than 30%. Such a level, if approved, shall be explicitly stipulated in the Programme Implementation Agreement (PIA).

The lead organisation in the consortium shall be allocated a maximum of 70% of the management fee

The Programme budget shall include a more detailed <u>estimated indicative</u> breakdown of the management fee per each task, bearing in mind the main responsibilities of the FO. This should be presented in a following format:

The Fund Operator's task	Amount (€)	% of total
Total		

VI MANAGEMENT AND CONTROL OF THE PROGRAMME

Key message:

It is essential for the FO to have an internal management and control system that provides reasonable assurance of achieving the objectives of the Programme.

In line with the PIA art 2.1.1 b), the FO is responsible for setting up appropriate management and control systems (MCS), which ensure that the programme implementation complies with the PIA and generally accepted accounting principles.

The requirements of the systems shall be proportionate in relation to the effectiveness of achieving the objectives of the Programme.

A detailed description of the management and control systems of the Programme, accompanied with an audit report and opinion, <u>shall be submitted to the FMO within three months</u> from the last signature date of the PIA. The FMO will not disburse payments to the regranting account until this document has been submitted.

The description shall:

- Present and explained to the FMO how the requirements of the PIA will be implemented in practice by the FO. The FMO determines whether the description meets the requirements stipulated in the PIA and described below. The responsibility for the Programme's compliance with all the requirements lies with the FO
- Be used as a manual of procedures for the Programme staff
- Be a living document that can be updated and improved when and if needed

In particular, the document must cover the elements described in section 6.1-6.5.

6.1 PROGRAMME MANAGEMENT AND CONTROL SET-UP

This section should, as a minimum, describe:

- The Programme implementation structure, including an organisation chart
- The allocation of the functions and tasks between the consortium partners and procedures in place at the lead partner to monitor the effective implementation of these tasks (if applicable)

The lead partner will generally be considered liable for poor execution of tasks by other partner(s).

PIA art.

2.1.1. c)

- Broad functions and tasks of key staff involved in the implementation of the Programme (bearing in mind the responsibilities of the FO listed in the PIA art. 2.1)
- How compliance with the principle of separation of functions between and within each entity is ensured
- How compliance with the 'four eyes' principle is ensured when authorising expenditure and handling payments
- In case of any PDPs being implemented by the FO, the implementation structure, including monitoring and approval of expenditures, should be described in detail

6.2 THE FO'S PROCEDURES FOR THE SELECTION OF PROJECTS AND CONTRACTING

This section should, as a minimum, describe:

- Procedures for organising and announcing open calls
- Procedures for submission of applications and applications received
- Procedures for evaluation and selection of projects
- Measures to avoid conflicts of interest in the selection process
- Procedure for notifying the results of the selection process to accepted and rejected applicants
- Appeals procedure
- Procedures for concluding and modifying project contracts and partnership agreements
- Procedures for selection and implementation of PDPs (if applicable)

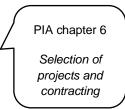
The description should include procedures for selection of projects under the Programme outcomes as well as under the bilateral fund.

DEFINITION:

recording

Separation of functions

In order to ensure compliance with the principle of separation of functions and avoid risks arising where the FO is responsible for (i) selection and approval of projects, (ii) verifications and (iii) payments, an adequate segregation of duties shall be ensured between these three functions. Where the FO is also a project promoter (PDP), the adequate segregation may be achieved, e.g. by using a separate unit within the same organisation to carry out the verifications.



6.3 THE FO'S PROCEDURES FOR REPORTING FROM PROJECT PROMOTERS, VERIFICATIONS, PAYMENTS TO PROJECTS, AUDITS AND MONITORING

This section should, as a minimum, include:

- Procedures to ensure that project promoters are informed about their rights and obligations regarding the provision of funding (e.g. eligibility rules, proof of expenditures, publicity obligations, etc.) and that appropriate guidelines are provided to project promoters
- A description of the system established for reporting by project promoters (in particular in relation to progress towards objective and outcomes as well as statistical and financial information)
- Procedures and methodology for administrative verifications in respect of incurred expenditure reported and for on-the-spot verifications of projects, which should as a minimum:
- PIA chapter 9

 Reporting from project promoters, verifications, payments to projects, audits and monitoring
- Define which aspects are checked in the administrative verifications and in the on-thespot verifications respectively
- o Define the verification records and the checklists to be used
- Describe a sampling methodology to be applied and a sample size
- Describe the procedure for follow-up on findings detected
- Procedures for payments to projects including arrangements for transfer of funds from the regranting account to project promoters
- Arrangements related to audits of projects and audits of costs incurred directly by the FO
 including a description of a sampling methodology of projects and procedures for follow-up on
 findings detected
- Description of mechanisms for results- and risk-based monitoring, as the FO is responsible for monitoring the overall implementation of all projects within the Programme's portfolio. For further information on the monitoring, please see the Civil Society Results Manual

6.4 THE FO'S SYSTEM FOR PREVENTING, MITIGATING, DETECTING, REPORTING ON AND REMEDYING SUSPECTED OR ACTUAL CASES OF IRREGULARITIES

This section should, as a minimum, describe:

- Measures and procedures to prevent, detect, mitigate or nullify the effect of any cases of irregularities
- Procedures for investigating any suspected and actual cases of irregularities
- Remedies including recoveries and financial corrections
- Details on setting up and maintaining the irregularities register
- Details on establishment and functioning of the complaint mechanism including the steps and estimated timeline for submitting and addressing complaints and the composition of a complaint's committee

the complaint mechanism including the and addressing complaints and the

6.5 THE FO'S SYSTEM FOR MAINTAINING FULL, ACCURATE AND SYSTEMIC RECORDS AND ACCOUNTS OF THE PROGRAMME

This section should describe how the Programme's audit trail is to be maintained and in particular:

PIA art. 12.7 Records

PIA

chapters 10 and 11

Irregularities,

suspensions of

payments, financial

corrections and

- Procedures for keeping the programme level records including project selection and implementation, verifications, audits, financial reporting and accounts, monitoring, irregularities, etc.
- Procedures to ensure that all the records related to implementation of projects are maintained by the project promoters for a three-year period following the FMO's approval of the Final Programme Report
- Procedures for recording any amounts recovered and returned by project promoters following a cancelation of all or part of the project grant which shall be transferred to the regranting account prior to closure of the Programme

Example of a procedure in relation to amounts recovered and returned by project promoters to be described in the MCS:

In order to avoid excessive charges for bank transfers, the FO might decide to dedicate a specific bank account to which all these amounts will be transferred by project promoters and return them to the regranting account only at a later stage. If this is the case, the related procedure should be described.

Important:

Assurance report and opinion

- The description should be accompanied by an assurance report including an opinion issued by an independent and certified auditor concluding that the MCS of the FO complies with the PIA and generally accepted accounting principles
- The report shall also assess the proportionality of the management and control systems' requirements in relation to the effectiveness of achieving the objective of the Programme
- The compliance assessment should be performed by the auditor based on International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagement Other than Audits or Reviews of Historical Financial Information" (reasonable assurance) as published by IFAC
- In a reasonable assurance engagement, the conclusion should be expressed in the positive form



Example of the auditor's conclusion on the MCS:

In our opinion the management and control systems set up by the Fund Operator for the Active Citizens Fund, in all material respects, comply with the Programme Implementation Agreement and generally accepted accounting principles.

Requirements of the management and control systems are considered to be proportionate in relation to the effectiveness of achieving the objective of the Programme.

VII SELECTION AND CONTRACTING OF NGO PROJECTS

7.1 ELIGIBLE APPLICANTS AND PARTNERS

Eligible applicants for grants under the Active Citizens Funds are NGOs established in the respective beneficiary state.

A "non-governmental organisation" (NGO) is eligible for support within the Programme if it meets the following definition: it is 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.

It is recognised that the registration of NGOs, and therefore their establishment as legal entities, differs from country to country. Eligible applicants for funding under the Active Citizens Funds shall nonetheless be entities usually meeting the following principles:

- Are non-profit, being organisations that have not been created nor operate to generate
 personal profit. Although they may have paid staff and may engage in revenue-generating
 activities, they do not distribute profits to their members nor to their board. Where revenuegenerating activities are undertaken, these should not represent the purpose of the NGO,
 but should be a means to support its mission and values
- Have members who do not have any direct commercial interest in the outcome of the work
 of the organisation or of its commercial activities and should not pursue the commercial
 or professional interests of their members. This requirement therefore excludes trade- and
 professional associations, where the aims and purposes of the association is to further the
 specific interests of its members only
- Are voluntary in nature, formed voluntarily by groups or individuals and usually involving an element of voluntary participation in the organisation
- Act in the public arena and for the public good on concerns and issues related to the well-being of people, groups or society as a whole
- Have some degree of formal or institutional existence, unlike informal or ad hoc groups, involving formal statutes or other governing document(s) defining their mission, objectives and scope
- Have transparent structures and elected chair/board, and are accountable to their members and donors
- Are independent of local, regional and national government and other public authorities
- Are independent of political parties and commercial organisations

Political parties, religious institutions, social partners or profit-distributing cooperatives are not considered NGOs.

Foundations and the national Red Cross societies are considered eligible NGOs if they fulfil the above principles.

Faith-based organisations are eligible if they meet the principles identified above and if the funded activities do not directly or indirectly promote a religious doctrine, mission or proselytism related to the beliefs of a particular faith (beyond basic religious/cultural awareness raising).

It is recognised that in many countries, social enterprises are not defined within current legislation. Where social enterprises can meet the other criteria given in this section, they may be considered for support.

Eligible project partners

Projects may be implemented in partnership with project partners. Partners share a common economic or social goal with the project promoter, which is to be realised through the implementation of the project. Project partners shall be actively involved in, and effectively contributing to, the implementation of the project.

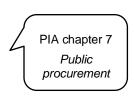
The following entities are eligible to be project partners:

- 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 (donor project partnership), beneficiary states or a country outside the European Economic Area that has a common border with the beneficiary state
- Any international organisation or body or agency thereof
- Informal, ad hoc and self-help organisations (including grassroots organisations) that are not registered legal entities in the beneficiary state (informal groups). Such organisations must however meet the requirements that they are not for personal profit, act for public good, are voluntary and non-discriminatory in nature, independent of local, regional and national government and other public authorities, and are independent of political parties, religious institutions and commercial organisations. These informal groups shall be represented by one single person, who signs the project partnership agreement on behalf of the group. An informal group cannot not be a direct recipient of the project grant¹⁸

Project partnerships shall be established through partnership agreements between the project promoter and the partners, using the template provided by the FMO in the Civil Society Bilateral Manual (Annex A).

The partnership agreements shall be in English in the case of donor project partnerships.¹⁹ Partnership agreement templates shall be proposed by the Fund Operator.

A project partnership shall not be mistaken for sub-contracting. Project partners, on the one hand, always share a common economic or social goal through the implementation of the project, and partners cooperate throughout the entirety of the project realisation, as explained above. Sub-contracting, on the other hand, is aimed at one (or perhaps several) specific

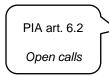


¹⁸ Expenditure related to the involvement of the informal group shall be borne by the project promoter.

¹⁹ A donor partnership project is a project implemented in close cooperation with a project partner whose primary location is in one of the donor states.

deliverables, e.g. services or equipment in order to realise a specific activity within the project. Sub-contracting shall always be carried out based on an appropriate service or purchase contract, according to the applicable public procurement rules as defined in the PIA.

7.2 OPEN CALLS AND SELECTION OF PROJECTS



The Fund Operator shall be responsible for designing and launching open calls for projects.

The Fund Operator shall be guided by the principles of implementation (see section 2.2 of this Manual) when designing and launching the call.

The detailed requirements on the content of the call texts are provided in the PIA. These requirements shall be complied with in all cases. An indicative call text template will be provided by the FMO for guidance.

An English translation of the call text shall be shared with the FMO no later than two weeks prior to the scheduled launch of the call. The FMO may request modifications of the call text in order to ensure compliance with the Programme Implementation Agreement and this Manual. The FMO notifies the Fund Operator no later than one week before the scheduled launch of the call of any suggestions or recommendations for improvement. The FMO however does not approve the call text. The Fund Operator is solely responsible for ensuring that the call text is in line with the legal framework of the Programme.

The Fund Operator shall take the following additional considerations into account when designing open calls:

- The number of calls for proposals is planned appropriately, taking into account the level of interest and size of the Programme
- The use of a two-stage application process, with an outline proposal and full proposal development for those outlines passing the initial assessment, may be considered where appropriate
- The FO should design the selection process in order to minimise duplication and avoid potential double funding and ensure synergies with other EEA and Norwegian FMs Programmes
- Pre-announcement of upcoming calls is encouraged to facilitate preparation by potential applicants
- Appropriate application forms and guides on how to complete them should be prepared.
 The principle of proportionality should be applied and Fund Operators should consider simplified procedures for smaller grants
- Application forms should guide a less experienced applicant through the requirements of a project proposal, with guidelines for applicants that are clear and indicate clearly what is required in each section of an application form
- Workshops or other kinds of support at the pre-application stage shall be organised as ongoing mentoring and support, to provide detailed guidance on what will be looked for in the project applications

- The FO may consider encouraging partnerships and coalitions among applicants, including partnerships between experienced and less experienced NGOs, where capacity building can be achieved
- Outreach to donor state organisations shall be encouraged and facilitated, including information on funds available for bilateral partnership building

Organisational grants

Subject to approval by FMO, the programme can include one open call for organisational grants. These grants may be used to contribute to the achievement of specific outcomes of the programme, by way of supporting ongoing and future activities of CSOs on the basis of a multi-annual work plan and/or strategy. The allocation to organisational grants shall not be more than EUR 500,000, or 10% of the re-granting amount of the programme, whichever is higher. Where organisational grants are used, specific requirements may apply to calls for proposals, proof of expenditure and reporting. All relevant modalities describing the implementation of organisational grants shall be specified in the PIA.

The open call must include clear eligibility criteria for applicants as well as evaluation criteria for the application. The existence of a multiannual organisational workplan and/or strategy should be assessed as an eligibility criterion. Further criteria shall include: the existence of an evaluation and monitoring framework; strong organisational and financial management capacity; sound financial management; sufficient sources of funding to maintain activity throughout the grant duration; transparent operating structures; experience with managing grants and results-based management.

The project promoter receives the grant as a lump sum covering in global terms all categories of eligible costs. The Fund Operator shall request from the project promoter a financial report ahead of the annual meeting and before releasing interim and final payments. This report shall as a minimum consist of the financial general annual report of the organisation. The project promoter will not need to provide financial reports on the specific expenditures made under the grant.

The Project Promoter must provide a report by an external auditor at the end of the project implementation financed by the grant budget. This report shall provide assurance that the project promoter has used the grant in accordance with the purpose and provisions of the grant agreement. In case the information provided by the project promoter proves evident non-satisfactory performance, or the workplan/strategy is not implemented in line with the principles set in Article 1.4 of the PIA, the grant paid to the project promoter may be cancelled or reduced proportionately.

Project activities financed with an organisational grant shall not be required to contribute to specific outputs in the programme's results framework. However, the open call shall include the results framework and explicitly state the outcomes, towards the achievement of which project activities would need to contribute.

7.3 SELECTION CRITERIA

- Clearly distinguish between administrative criteria, eligibility criteria and evaluation criteria
- The selection criteria shall be specified in the call for proposals.

Once published, selection criteria should preferably not be changed. However, should the modification of one or several criteria be justified, such modification must be made sufficiently ahead of the deadline of the call, and the same tools should be used for communicating the modifications as for publicising the call.

The criteria published in the open call shall be the only criteria used during the selection process.

There are three types of selection criteria, which should be clearly distinguished:

(1) Administrative criteria are conditions for accepting the project application. Without compliance with the administrative criteria, the application shall not be further assessed. The administrative criteria should be easily determinable, meaning that their verification should not require any review of the content of the application.

Administrative criteria include (but are not limited to) the following:

- The project application has been submitted by the deadline, i.e. the date and time as published in the call text
- The project application has been submitted in accordance with the permissible method(s) of delivery (number of copies, electronic/and or hard copies, signatures, etc.)
- All requested documents have been submitted (e.g. declarations, documents for registry, annual reports, partnership statements, etc.)

The call text should clearly indicate

- Whether the FO may request additional information/documents from the applicant to determine the compliance with these criteria and, if so:
 - The time available and the method for the submission of such information/documents
 - The criteria that could lead to automatic rejection of the project application, in case of non-compliance with them
- (2) Eligibility criteria are conditions to assess whether the applicant/partner and the application are qualified for funding. It should be clear whether the criteria relate to the eligibility of the applicant or the eligibility of the application. Ideally the eligibility criteria should be assessed only once it has been determined that the application has fulfilled the administrative criteria.

Eligibility criteria include (but are not limited to) the following conditions:

- Eligibility of applicant
 - o The applicant is an NGO, in line with the definition provided in this Manual
 - The applicant was established at least e.g. a year ago

Eligibility of partner

 The call text clearly defines what type of organisations are eligible as project partners, in line with the provisions provided in this Manual

Eligibility of application

- The requested grant amount is within the permissible limits provided in the call
- The proposed implementation period is within the permissible limits provided in the call
- No more applications have been submitted by one project promoter or project partner than explicitly authorized in the call text

Normally, compliance with eligibility criteria is unconditional and therefore not subject to further clarifications requested by the Fund Operator. However, should the FO decide that some of the eligibility criteria need to be clarified by additional information, this should be clearly stated in the call for proposals, together with the deadline and method to comply with such a request. The call text should also clearly list the criteria that would lead to automatic rejection, in case of non-compliance with them.

The use of administrative and eligibility criteria shall be transparent, and easily determinable, based on yes/no questions, and defined in line with the PIA and this Manual. The volume of these criteria should be limited to the essentials. Ambiguous or superfluous criteria can be subject to complaints and appeals, and thus prolong or hinder the selection procedure, and result in an additional administrative burden for the Fund Operator.

It is recommended that the Fund Operator provides a checklist in the call text and/or guide for applicants, which enables the applicant to self-assess whether they have complied with all administrative and eligibility criteria. This checklist could also serve as guidance for the applicants to indicate whether the requested information can be subject to later submission (request for clarification/additional information) or if the lack of compliance with the requested submission of information results in automatic rejection.

(3) Evaluation criteria are criteria used to assess the project applications that comply with the administrative and eligibility criteria. The evaluation criteria shall form the basis of the project scoring.

The evaluation criteria shall be specified in the in the open calls. They shall clearly relate to the content assessment of the application, and may include, but not be limited to, the following elements:

- Relevance of the project to the needs of direct and indirect target groups and beneficiaries
- Coherence between the project and the Programme objective, outcomes and outputs (the results framework should be published as part of the call text)
- Experience of applicant and capacity to implement the project
- Feasibility of the suggested activities and measures

- Sustainability of the intervention
- Value for money (reasonable and justifiable budget, coherence with the proposed activities)

The call text should clearly indicate the maximum score for each main criterion (e.g. relevance, budget, feasibility). A minimum score could also be set for some of the criteria as an *eliminating criterion*. In this case, if a prescribed minimum score is not obtained for the eliminating criterion, the project is automatically rejected.

The call text shall indicate the achievable maximum total score, and it is recommended that the Fund Operator includes in the call text the minimum total score a project application needs to be recommendable for funding.

The Fund Operator may wish to consider giving preference to applications that meet certain concerns that are deemed important to achieve the outcome and outputs of the call. This could for example take the form of additional points for applications from rural areas, specific target groups, minorities, thematic areas that are underrepresented etc.

Example of a project evaluation score sheet:

Evaluation criteria	Maximum score	Eliminating criterion
Relevance	30	If below 10, the project is is automatically rejected
Feasibility	20	If below 5, the project is is automatically rejected
Budget	20	If below 10, the project is us automatically rejected
Sustainability	10	-
Maximum	80	-
Minimum score to be recommended for funding	48	-

In this example, an application receiving less than 48 points should be rejected, regardless whether there would be still be funds available within the call. Furthermore, any application that would receive more than 48 points, but would fail to comply with one of the eliminating criterion (e.g. receive less than 10 for relevance) would also be rejected.

7.4 PROJECT SELECTION PROCEDURE

PIA art. 6.4
Selection
procedure

Project selection procedures shall be described in the Management and Control Systems description (see Chapter 6).

The selection procedures must provide equal treatment of all applicants

Review of administrative and eligibility criteria

PIA art. 6.4.1

After the deadline for submission of applications, the Fund Operator shall first review the applications for compliance with administrative and eligibility criteria. The Fund Operator shall assess these criteria against the published requirements.

The FO shall document its review for all applications, and clearly indicate whether the applicant has fulfilled or not fulfilled the criteria in question. It is expected that the Fund Operator establishes a clear and transparent system to record the decision related to the administrative and eligibility checks performed. The Fund Operator shall use a tamper-proof²⁰, yes/no checklists. In case any of the criteria is subject to clarification (request for additional information) in line with the published requirements, the checklist shall clearly indicate whether a clarification request has been issued, and the result of such clarification shall be recorded.

Always document the administrative and eligibility assessment of all applications.

Following the completion of the administrative and eligibility review, applicants whose applications are rejected at this stage shall be informed of the reasons for the rejection and given a reasonable time to appeal that decision.

Evaluation of project applications by independent experts

Each project application that meets the administrative and eligibility criteria shall be scored by (at least) two impartial²¹ experts appointed by the Fund Operator. At least one expert shall be independent of the Fund Operator (and its partner(s)).

All applications shall be scored by two experts, one of whom should be external to the Fund Operator.

The Fund Operator shall ensure that the experts involved in the evaluation acquire the necessary knowledge and expertise to evaluate the applications. The Fund Operator can decide to select the experts either through an open call for tender, or invite them on the basis of previous experience, either in NGO funding work or relevant work with regranting agencies, ministries or other funding institutions etc.

PIA art. 6.4.2 Two impartial experts

Regardless of how the experts are selected, it is strongly advised that the Fund Operator organises training(s) for the experts, to familiarise them with the call for proposals, the Programme objective, and to provide them with guidance on the evaluation criteria published in the call for

²⁰ I.e. non-editable, where the risk of editing after entry is minimal.

²¹ Impartial shall not be mistaken for independent. Impartiality means that the expert involved has no direct or indirect interest regarding the project application in question.

proposals. The Fund Operator shall take all reasonable and proportionate measures in order to ensure a transparent, objective, consistent and coherent evaluation of the applications.

The experts shall have no direct or indirect interests that are or appear to be incompatible with the impartial exercise of their function. All experts shall sign a declaration of no conflict of interest.

PIA art. 6.4.3 Scoring by experts The experts shall independently and separately score the project application according to the selection criteria published in the call for proposals. The experts cannot be influenced by anyone, and shall decide on the scores independently and to their best judgement. The experts shall justify in writing the scores for each criterion they evaluate.

Each application shall be scored by two experts, and for the purpose of ranking the project applications, the average of the scores awarded by the experts shall be used.

If the difference between the scores given by the two experts is more than 30% of the higher score, the project application shall be scored by a third expert. This third expert shall be commissioned by and be independent of the Fund Operator. In such cases the average score of the two closest scores shall be used for the ranking of the project applications.

PIA art. 6.4.4 30% difference between the scores If the score given by a third expert would not in any way result in the support of the project, there is no need to use a third expert. This situation can arise when a minimum score for supporting projects has been set in the call for proposals.

If there is no minimum score provided in the call text, and the 30% difference exists between the two experts scores, a third expert should always be commissioned.

The Fund Operator shall maintain a tamper-proof written record of the scoring of external experts

The independent and separate scoring does not exclude the possibility of the Fund Operator to organise discussion meetings with the experts to ensure that they carry out the evaluation according

Example of need for third expert:

A project application receives 40/110 points from Expert A and 60/110 from Expert B. The difference is 20 points, which is 33.3% (20/60) of the highest score. This is more than the 30% stipulated in art. 6.4.4 of the PIA and a third expert will have to be called in to provide another assessment of the project proposal. If the third experts gives 42 points, the average of (40+42)/2=41 shall be the final score of the application. If the third expert gives 55 points, the average of (55+60)/2=57.5 shall be the final score of the application.

Following the provided example, if the minimum score would be set at 85, the application could only obtain an average of 80 points even if the third expert gives 110 points out of 110 (60+110/2). The score given by a third expert would not in any way result in the support of the project, and it is thus justified that no third expert is used in this case.

However, if the minimum score would be set at 70, the decision is not clear, as it could be possible that the third expert would give 80 points. The average of 80+60 would be 70 points and a third expert would be needed to evaluate the application.

to the previous guidance provided by the Fund Operator, and that the scores provided are consistent and in line with the criteria published in the call for proposals. The discussion meetings

can only be organised after the separate scoring of the experts took place, and the ranking list based on the experts' scores has been established. However, if such meetings of the experts are organised, the Fund Operator should document the main steps and results of these meetings by preparing minutes and paying special attention to the following areas:

- Listing the names of attendees (in each separate discussion group, if relevant)
- Detailing the key discussion points (in each discussion group, if relevant)
- Detailing changes made in scores/rankings disclosing the reasons for changes made
- Highlighting any measures that were in place for preventing conflicts of interest e.g. by indicating whether experts left the room when they were in a conflict of interest situation
- Demonstrating that the experts agreed with the final ranking lists by having them sign the minutes of the discussion meetings

The Fund Operator shall provide all members of the selection committee with the ranking list of project applications. The Fund Operator shall make no changes to this ranking or scoring awarded by the experts.

The Fund Operator shall also provide the ranking list in English to FMO upon request.

7.4.1 Selection committee

Members

The Fund Operator shall, according to needs, establish one or several selection committees. The selection committee consists of voting members and observers. There shall be at least three voting members possessing the relevant sector expertise and experience of working on/with civil society. At least one of them shall be external to the Fund Operator (and its Partner(s)). If a selection committee has more than three members, the number of external members should

PIA art. 6.3 Selection Committee

The FMO as well as the National Focal Point and the Norwegian Embassy in the relevant beneficiary state shall be invited to participate in the meetings of the selection committee as observers.

The meeting of the selection committee

preferably be proportionate to the size of the committee.

The selection committee(s) shall operate in an open, transparent and accountable manner, and its composition shall ensure that due attention is paid to possible areas of conflict of interest. All members of the selection committee (both voting members and observers) shall sign a declaration of no conflict of interest. In order for the selection committee members to be well-prepared, and be able to sign a no conflict of interest declaration with full confidence, it is recommended that the ranking list of project applications including the name of the applicants and their average score are circulated to all those attending the selection committee meetings at least 1-3 working days before the meeting. The list should preferably also include the scores provided by the two or three experts as relevant, with a short description of the project and a summary of comments provided by the experts.

The selection committee shall review the ranked list of project applications. It may **modify the ranking** of the project applications in justified cases based on transparent criteria. The justification for the modifications shall be detailed in the minutes of the meeting of the selection committee. If such a modification results in a rejection of a project application that would otherwise have been approved, the justification for the modification shall be included in the minutes.

It is recommended that the selection committee establishes statutes/rules of procedure, to define, as a minimum, the methods followed to modify the ranking list.

Example of justified modification of ranking:

The application has been submitted under a call for social justice and inclusion of vulnerable groups. The application ranks high on the list. Both experts scored the project high, however one of them commented under the section on relevance section that there is a belief within the sector (though not supported by any legal investigation or evidence) that the employment possibilities provided to the target group by the applicant are not in line with the applicable rules for employment. Furthermore, it is suspected that the organisation takes advantage of the vulnerability of the target group, retains their identity cards, and restricts their free movement during employment.

Though the application is drafted perfectly and fits well within the objective of the call and the Programme, the comment of this expert could raise serious doubt as to whether the project can be supported. The selection committee could in this (and in similar) case rely for example on the basic principles and objectives of the programme and conclude that there is serious doubt as to whether the project is based on the common values as explained in section 2.2.

The selection committee may decide to approve a project application with conditions.

These conditions could relate to reducing the budget, obtaining clarification on some elements of the application etc. The selection committee minutes shall clearly reflect the justification for applying a condition, and the opinion of the members in this regard.

The selection committee may also decide to establish a **reserve list**, including project applications that are recommended for support, but due to lack of funding cannot be supported at the time of the decision. The selection committee minutes shall clearly state whether a reserve list has been established, including the list of applications on the reserve list.

Experts can be invited to the meeting of the selection committee, to provide explanations of their scoring, their overall assessment of the project, and to answer any questions that the members of the selection committee might have. If the experts are invited to the meeting, this should be clearly reflected in the minutes of the meeting. The experts shall in no way influence the selection committee members in their decisions, and should limit themselves to information already provided during their evaluation and to clarifications requested by the selection committee.

Minutes

The selection committee shall keep minutes of its meetings. The minutes of the meetings shall contain enough detail to demonstrate that the requirements of the PIA and this Manual have been met and the committee has operated in an open, transparent and accountable manner.

PIA art. 6.3.3.

SC meeting minutes

The minutes should include information on at least the following:

- The name of the selection committee members, and the organisations they represent.
- The name of the observers, and the list of experts present at the meeting as relevant.
- The name of the chairperson.
- Votes of the members on each project application; the minutes should clearly indicate cases where the members have conflicting opinions on approving or rejecting an application.
- Demonstrating that conflict of interest procedures were dealt with appropriately, and specifying the measures taken.
- Total number project applications received, how many were rejected for administrative reasons (and very brief summary of reasons overall), how many rejections because of eligibility (and very brief summary of reasons for rejection), total selected projects, total euro amount allocated to them.
- Where the selection committee decides to modify the ranking list, clear information should be provided on the justification and the transparent criteria applied in this respect.
- Information on the reserve list

The minutes shall be circulated and formally approved by the selection committee members. The formal approval shall be documented (e.g. by the members signing the minutes). The Fund Operator shall provide the FMO with a copy of the minutes in English no later than two weeks after each meeting.

7.4.2 Decision by the Fund Operator

PIA art. 6.4.6 Verifying the selection process The Fund Operator shall verify, i.e. confirm and validate, that the selection process has been conducted in accordance with the PIA and this Manual, and that the recommendations of the selection committee comply with the rules and objectives of the Programme. This verification shall be documented, and preferably annexed to the minutes of the selection committee.

Following such verification the Fund Operator shall, based on the recommendation of the selection committee, make a decision on which projects shall be supported. The Fund Operator may modify the decision of the selection committee in justified cases. If such a modification results in a rejection of a project that would otherwise have been approved, the applicant in question and the FMO shall be informed in writing about the justification for the modification.

Example of verification of selection process by the FO:

When reviewing the recommendation of the selection committee, the Fund Operator notices that the ranking list established based on the experts' modified scoring was without justification. The Fund Operator therefore decides to instruct the selection committee review their assessment of the projects in question.

PIA art. 6.3.7 Decisionmaking body The final decision of the Fund Operator on the selection of projects for funding shall be taken by the board, or an equivalent body responsible for supervising the operations of the Fund Operator. The decision shall be documented, in particular if the decision does not fully reflect the recommendations of the selection committee. The Fund Operator shall notify the applicants about the results of the selection process within a reasonable time.

Notifying applicants

Both successful and unsuccessful project applicants shall be informed of the outcome of their application in writing with a confirmation of delivery (by letter or e-mail). Unsuccessful applicants shall be provided with feedback on the reasons for not approving their project for funding.

7.5 CONFLICT OF INTEREST

Ensure the objectivity and integrity of the selection procedure

Prevent and remedy conflict of interest situations

It is of utmost importance that the Fund Operator ensures that the selection procedures are carried out in a way that guarantees the integrity and the objectivity of the selection process. Thus, the Fund Operator shall take every reasonable measure to prevent a conflict of interest situation from occurring in the selection process. If such a situation arises, the Fund Operator shall take all necessary measures to avoid that such a situation affects the integrity of the selection process.

PIA art. 6.5 Conflict of interest

Examples of conflict of interest:

- A staff member of the Fund Operator previously worked for one of the applicants. The staff member signals this in the declaration on conflicts of interest. The head of the FO thus decides that the staff member cannot participate in the selection process, as it could put the integrity of the process at risk.
- 2. An expert is close friends with the staff of several applicants. The expert discloses this information, but does not consider it to be a conflict of interest, as s/he beliefs that the evaluation could be performed in an objective manner. The FO correctly removes the expert from the evaluation process, as this situation clearly constitutes familiar, emotional and even professional ties that could hinder the integrity of the evaluation process.

A situation of conflict of interest arises when a person involved in the selection process has a direct or indirect interest with one or more of the applications or applicants. This can happen for example by way of economic, political, family, emotional, personal or professional ties that in one way or another jeopardise that person's impartiality and/or objectivity.

Any person who is involved in the selection process could eventually find himself in a conflict of interest situation, including independent experts, members of selection committees, staff involved in review of compliance with administrative and eligibility criteria, members of the board of the Fund Operator, etc.

It is recognised that, especially in smaller countries, the civil society sector might be limited in size, and with a close-knit community of people making it difficult to identify people to participate in the selection procedures who do not have any conflict of interest. It is therefore very important to take proper care when such a situation arises.

One of the most important tools for the Fund Operator is ensuring that all people involved in the selection process sign a no conflict of interest declaration.

The template of the conflict of interest declaration should include the definition of "conflict of interest" in order for the person to sign it in full understanding of the requirements.

Conflict of interest situations can be present with one or several applicants or applications. The Fund Operator shall thus ensure that the people participating in the selection process have an overview of the applications and applicants prior to evaluating them.

The conflict of interest shall be assessed in relation to all calls conducted by the Fund Operator, and declarations shall be signed by all people involved for each selection process separately, including staff members of the Fund Operator, and selection committee members.

There are several measures that could be put in place to remedy a conflict of interest situation. These measures may include re-evaluating projects, replacing experts and/or selection committee members.

Examples of measures to remedy a conflict of interest situation:

- 1. Experts: The experts shall receive the list of applicants prior to receiving the project applications for evaluation. The expert shall sign a no conflict of interest declaration, and together with the declaration the expert shall disclose all applicants on the list that they are associated with (direct or indirect interest). The Fund Operator shall distribute the applications in such a manner that experts who have known conflicts of interest are not invited to evaluate projects which they are associated with.
- 2. Selection Committee: In case a selection committee member is in a situation of conflict of interest related to one or several project applications, the selection committee member should preferably not be involved in the assessment of any project application under the call in question. Should this not be feasible, the selection committee member should, as a minimum, leave the room while the project causing the conflict of interest is discussed. It is also recommended that the Fund Operator keeps a record of all conflict of interest situations.

7.6 REALLOCATION OF FUNDS

The Fund Operator is provided with some degree of flexibility to reallocate funds within the Programme. However this flexibility is subject to the limitations described below.

The following funds may be reallocated <u>within the same outcome</u> by the Fund Operator:

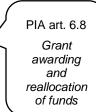
- project grants that have not been fully utilized
- project grants that have been cancelled due to irregularities or for other reasons
- funds uncommitted upon closure of calls for proposals

These fund shall only be used for the below purposes:

- to be reallocated to future calls for proposals
- to support projects placed on a reserve list as a result of a previous selection process
- or to be reallocated to additional activities of already-approved projects; provided that these additional activities contribute to the project objectives

Reallocations of savings and uncommitted funds <u>between</u> outcomes, <u>between other budget lines</u> and/or <u>to other purposes</u> than those described above shall be consulted with FMO and are subject to programme modification.

Any decision to reallocate project grants to **additional activities of already approved projects** shall be based on recommendations by the selection committee. The selection committee shall base its recommendations on transparent and objective criteria which shall be communicated in



writing to the project promoters, and at the same time made available on the website of the FO, no later than one month prior to any decision to reallocate funds.

The selection committee in these cases may be the same as the initial committee or it may be a new selection committee. The selection committee shall operate and be established in line with the PIA and this Manual.

7.7 PROGRAMME MODIFICATION

The Fund Operator may request modifications to Annex I and/or Annex II of the PIA.

The Fund Operator shall describe and justify the modification, and shall submit the modification request through the FMO's Information System. PIA art. 15.4 Programme Modification

The Fund Operator shall request a modification to Annex I or II of the agreement in particular in the following cases:

- Reallocation between outcomes and/or between other budget lines (e.g. Fund for Bilateral Relations, Regional Civil society Initiatives)
- If any of the provisions in Annex I or II are affected
- In order to respond to unforeseen events
- In order to take into account the conclusions of the review of the implementation framework at the annual review meeting
- When changes are necessary to enhance the impact of the programme; or
- In order to mitigate risks and/or implementation difficulties

The modification shall, when necessary, be formalised through an amendment of the PIA.

7.8 PRE-DEFINED PROJECTS

In exceptional cases, pre-defined projects can be implemented within the Programme.

Pre-defined projects are always subject to prior approval of the FMO.

In exceptional and duly justified cases, the FMO may propose pre-defined projects, with no co-financing requirement, to be implemented by the FO.

In addition to projects selected under an open call, the Fund Operator and the FMO may, in exceptional cases, agree on pre-defined project(s) (PDP). Pre-defined projects shall preferably be proposed in the Concept Note stage at the latest, or in exceptional cases during programme implementation. The PDP is a strategic project that may require a longer implementation period and has a larger budget than projects usually selected through open calls, and that aims to contribute to the

PIA art. 6.9 Predefined projects

overall objective of the Programme, build the capacity and sustainability of the sector, and address systemic and institutional issues. Pre-defined projects shall be aligned with the

programme intervention logic, i.e. they shall have a clear link to the programme objective and one or more of the programme outcomes.

Pre-defined projects are implemented by one or more organisation(s)²² selected on a competitive basis. The pre-defined project shall be assessed by the Fund Operator based on previously established criteria, and shall be submitted for approval to the FMO. In justified cases, a pre-defined project may be implemented by the FO.

All provisions related to project implementation stipulated in the PIA and this Manual also apply to PDPs (e.g. eligibility rules, verification, audits and monitoring, financial reporting, etc.).

The final financial reports for pre-defined projects implemented by the Fund Operator shall be subject to an independent audit (see Section 9.7 on Audits). The final narrative report for pre-defined projects implemented by the Fund Operator shall be approved by the FMO.

7.9 Project contract and partnership agreement

PIA art. 6.6 Project contract A project contract shall be concluded between the Fund Operator and the project promoter for each approved project. The project contract sets out the terms and conditions of grant assistance as well as the roles and responsibilities of the parties. It shall include provisions that ensure that the project promoter takes on any obligations that are necessary for the Fund Operator to comply with its obligations under the PIA.

The PIA art 6.6.2 includes the minimum requirements for the content of the project contract. The project contract shall be drafted by the Fund Operator. The FO can request the FMO to confirm that the project contract complies with the provisions of the PIA.

PIA art. 6.7

Partnership agreement

If a project is implemented in a partnership, the project promoter shall sign a partnership agreement with each of the project partners. The partnership agreement shall detail the roles and responsibilities of each partner in line with the provisions of the PIA. The draft partnership agreement shall be submitted to the Fund Operator before the signing of the project contract. The Fund Operator

shall verify that the partnership agreement complies with the PIA. The Fund Operator may decide to provide a template for the partnership agreement. For projects involving entities from the donor states, a partnership agreement template is provided in the Civil Society Bilateral Manual (Annex A) and shall be in English as long as one of the parties to the agreement is an entity from the donor states.

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²² This may be an NGO, private or public entity.

VIII RESULTS-BASED MANAGEMENT

Result-based management looks beyond activities and outputs to focus on actual results: the changes created, and contributed to, by the Active Citizens Funds. By establishing clearly defined expected results, collecting information to assess progress toward them on a regular basis, and taking timely corrective action, the FO can manage the Programme in order to maximise achievement of results.

More detailed guidance on results-based management is provided in the Civil Society Results Manual (Annex B).

8.1 ESTABLISH AND IMPLEMENT A SYSTEM TO MANAGE FOR RESULTS

In order to ensure results-based management of the Programme, the FO shall:

- Ensure the appropriate level of capacity and expertise in results-based management, and practical experience of results-based management approaches, in order to manage results and risk in line with the Civil Society Results Manual (Annex B)
- Ensure that there is a monitoring and evaluation function within the FO
- Assist project promoters in setting up monitoring systems for their projects

Before the signing of the Programme Implementation Agreement, the FO shall finalise the results framework for the programme, and taking into account consultations with the sector and input from the donors and the FMO. Specifically, this includes identifying outcomes and suitable outcome indicators, as well as outputs and suitable output indicators with a unit of measurement, baseline value and year, target and source of verification. For the results framework, the FO shall use the template provided in Annex I of the PIA.

8.2 REPORTING ON PROGRAMME AND PROJECTS TO THE FMO

The FO is responsible for meeting the following reporting requirements:

- Ensuring provision of information on the achievement of outputs and outcomes of the Programme and projects to the FMO, in line with the agreed results framework
- Submitting standardised information related to each project, using the FMO's Information System, and establishing a system for quality assuring the descriptions of projects
- The collection and review of project implementation and completion reports
- Responding to ad hoc requests for information from the FMO
- Submitting to the FMO the following reports, based on templates provided by the FMO:
 - o a semi-annual Interim Financial Report (IFR)²³
 - o an Annual Programme Report

²³ The September IFR requires the FOs to provide information on progress towards achieving outputs and outcomes. This provision will normally only be applied once the projects are up and running (see explanation on staggered reporting on the next page).

- o a Final Programme Report
- irregularity reports

The Annual Programme Report and the Final Programme Report shall also be shared with the National Focal Point and donor state embassies.

The Final Programme Report shall be published.

Fund Operators shall provide project promoters with the necessary reporting tools and offer guidance on how they should be used.

More guidance on reporting is provided in the Civil Society Results Manual (Annex B).

8.3 MONITORING AND EVALUATION

The FO is responsible for establishing a monitoring system, to be able to report periodically and as required by the PIA on the Programme's outputs and outcomes. This will mean regular project level monitoring to capture relevant data on project outputs and outcomes.

The FO should also design and implement an evaluation or a review to assess the results of the Programme, and ensure that the funding and human resources necessary for carrying out the evaluation/review are available if possible, and that the procedures are in place to collect the necessary data.

The monitoring and evaluation plan, based on Civil Society Results Manual (Annex B) shall be submitted to the FMO as part of the Annual Programme Report.

8.4 RISK MANAGEMENT

The FO shall identify and assess the risks to the effective implementation of the Programme and the achievement of its expected outcomes and identify and take appropriate actions to mitigate those risks.

The risk assessment and mitigation analysis shall be submitted to the FMO within six months of the selection of the FO and prior to signature of the Programme Implementation Agreement. The FO shall follow the template and guidance in the Civil Society Results Manual (Annex B).

IX FINANCIAL MANAGEMENT

Key message:

Financial management is not just about keeping accounting records. It is an important part of programme management and must not be seen as a separate activity left to finance staff.

9.1 PROJECT BUDGET, GRANT RATE AND CO-FINANCING

9.1.1 Project budget

The project budget is a forecast of the costs of the objectives and activities set out in the project contract. The budget is therefore an essential part of the contract. It is a tool for checking on the implementation progress during the financial reporting stage. Project budgets must be realistic and must be based on plausible assumptions.

If the budget is not prepared properly, the following problems might occur:

- Budget underruns, which suggest that the budget was incorrect and that funds have been committed to the project that might have been better used elsewhere
- If budget includes too many rough estimates, it will not provide a proper tool for planning and control and there is a higher risk of over- or underestimates.
 - Interpretation issues, which may cause the FO/FMO to disallow some expenditure

How to avoid this

- The project's budget should use the same classifications of expenditures as stipulated in the PIA
- The project's budget should not include expenditures specifically excluded under the PIA art. 4.4
- The need to request amendments to the budget during the course of the project

Key budget principles:

- The budget is a tool for financial compliance: this means that the amounts under the budget categories are spending limits
- The budget is a planning and control tool: it helps control expenditure
- It is essential that the budget properly reflects all projected expenditures in line with the activities financed
- The budget will be mirrored in the financial report: actual expenditure on implementing the
 planned and agreed objectives and activities should be presented in the financial report
 and should be compared with the projected expenditures in the budget

A suggested project budget template is provided in Annex C (iv).

9.1.2 Project grant rate and co-financing

Based on the PIA art. 4.5.1, the project grant rate may be up to 90% of eligible expenditures of the project. However, Fund Operators may request a waiver of this article, setting the maximum grant rate at up to 100%. The maximum project grant rate shall be proposed by the FO in the Bid Form.

The grant amount should vary according to the needs of the organisations and projects within the sector. A differentiation of grant amount and duration can be introduced to cater for differing levels of experience, size and project-related requirements (e.g. a micro- or 'action' grants may be useful to respond to particular needs at particular times). This should be reflected in call texts.

When determining the grant rate for each individual project, the FO should, amongst others, take into account:

- The need to ensure the project promoter's commitment and ownership, as well as the sustainability of the project
- Any economic benefit (e.g. cost savings or increased profit resulting from receiving a financial contribution). Economic benefits shall be used in a manner which support the long-term objectives of the projects

The grant rate shall be calculated as a percentage of the total eligible expenditure of the project, as proposed by the project promoter, and determined in the project contract. The project promoter shall receive payments from the FO according to this rate. The financial relationship between the project promoter and the partners should be negotiated between them.

co-financing The shall provided in cash or as an in-kind contribution in the form of voluntary work. Such in-kind contribution may constitute up to 100% of the cofinancing required for the project. The co-financing rate and any related conditions are specified in PIA Annex II. The FO shall specify in the PIA the appropriate unit prices for the voluntary work which shall be in accordance with a normally paid salary for such work in the country, including the required social security contributions. The prices may vary depending on the 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/remuneration.

• Important:

In-kind contribution in the form of voluntary work

- In-kind contribution in the form of voluntary work should be included in the project budget
- The actual value of the in-kind contribution should be reported in the project financial report(s)
- The in-kind contribution may be provided only by the project promoter and/or partner
- The in-kind contribution must comply with the general principles on the eligibility of expenditures as defined in the PIA art. 4.1
- As a minimum, it needs to be identifiable and verifiable: voluntary work should be recorded throughout the duration of the project by timesheets or a suitable time recording system and adequately supported by evidence of its reality and reliability

Except in duly justified cases of overtime, the in-kind contribution cannot be provided by a staff member holding a full-time employment contract with the project promoter/partner.

Example of an eligible and non-eligible in-kind contribution - overtime:

Within the framework of the project, the project promoter organises an awareness campaign for the general public which takes place on a **Sunday**.

The costs of the <u>staff working during this event CAN be</u> <u>considered as an eligible</u> in-kind contribution in the form of voluntary work.

The costs of the <u>staff working on preparation on this event</u> during regular working hours, **CANNOT** be considered as an eligible in-kind contribution in the form of voluntary work.

9.2 ELIGIBILITY OF EXPENDITURE

Key messages:

- Understand the eligibility rules stipulated in the PIA
- In case of doubt, contact the FMO
- For projects: the rules on eligibility of expenditures apply to all costs of the project and not only to the grant amount
- Share the applicable part of this Manual with project promoters

9.2.1 General principles

All the costs incurred by the FO (except for the management fee), project promoters and project partners in order to be considered eligible should comply with the following general principles as defined in the PIA art. 4.1:

(a) Incurred between the first and final dates of eligibility

Expenditures are considered to have been incurred when the following conditions are met:

- The cost has been invoiced
- The invoice was paid
- The subject matter was delivered (in case of goods) or performed (in case of services and works)

With reference to <u>activities</u> implemented under the <u>Regional Civil Society</u> <u>Initiatives</u> and <u>the Fund for Bilateral Relations</u>, the **first and final date of eligibility** is the same as the Programme operational period.

With reference to <u>projects</u>, the **first and final date of eligibility** should be specified in the project contract.

Costs within projects may be eligible from the date on which the grant is awarded or at a later date set in the project contract. The project contract

PIA art. 1.13

Operational period

PIA art. 4.6

First and final dates of eligibility

shall set the final date of eligibility of costs which shall be no later than 30 April 2024. Costs incurred after that date are not eligible.

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 of eligibility.

Examples of eligible and non-eligible costs – final date of eligibility:

The FO is verifying the final financial report for the project with the final eligibility date defined in the project contact: 31 July 2019

Date of the invoice: 10 July 2019

Invoice payment date: 30 August 2019 OK

Invoice payment date: 31 August 2019 NOT OK (ineligible costs)

Remuneration of personnel for the last month of the project which are paid the following month. OK

Overheads and depreciation of equipment are considered to have been incurred when they are recorded on the accounts of the project promoter.

(b) Connected with the subject of the project contract and indicated in the estimated overall budget

An estimation of all the eligible expenditures must be shown in detail in the project <u>budget</u>.

At the project selection stage, the FO should verify if all the proposed expenditures:



- Fall within the eligible categories as defined in the PIA art. 4.1 and 4.2
- Are connected with the subject of the project
- Are not related to any excluded costs stipulated in the PIA art. 4.4

Incurred eligible costs cannot exceed amounts in the approved budget. Any justified modifications need to be formalised as soon as possible.



The inclusion of an expenditure item in a project budget approved by the FO, cannot be considered as a prerequisite of its eligibility. In order for the incurred cost to be considered as eligible, it needs to comply with all the other eligibility criteria and be supported by an invoice, or alternatively by accounting document of equivalent probative value.

(c) Proportionate and necessary for the implementation of the project

Costs must be reasonable and justified. To this effect, each expenditure item should be:

- Proportionate to the importance and complexity of the subject-matter of the project
- Strictly and demonstrably **necessary** to achieve objective(s) of the project

(d) Used for the sole purpose of achieving the objective(s) of the project, in a manner consistent with principles of economy, efficiency and effectiveness

All the resources shall be used:

- For the sole purpose of achieving the objective(s) of the project which means that the
 only reason why an expenditure item was included in the budget, is its contribution to
 achieving the objective(s) of the project
- In accordance with the principles of sound financial management, namely in accordance with the **principles of economy**, **efficiency and effectiveness**

Economy, efficiency and effectiveness "3Es" define a value for money and can be depicted as follow:

- **Economy** spending less: minimising the cost of resources used or required (inputs)
- **Efficiency** spending well: the relationship between the output from goods or services and the resources to produce them
- **Effectiveness -** <u>spending wisely</u>: the relationship between the intended and actual results of spending (outcomes)

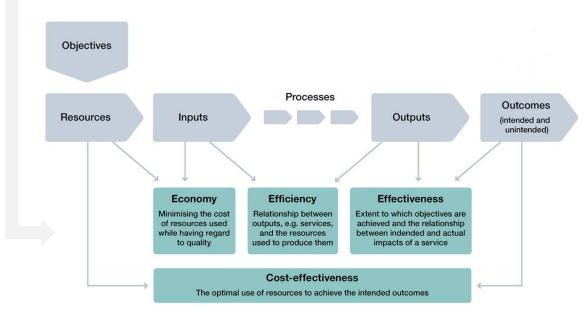


Figure 4: The "3 Es" – Economy, Efficiency and Effectiveness

(e) Identifiable and verifiable

To be eligible, the costs must be **identifiable and verifiable**, in particular through being recorded in the accounting records and determined according to the applicable accounting standards and generally accepted accounting principles. <u>Expenditures not documented are not eligible</u>. This means that:

- There must be an adequate documentation proving that any expenditure is related to the Programme/project
- The documentation should provide a strong enough evidence that expenditures comply with all the eligibility criteria.
 - The recipient must allow the FO/FMO/EFTA Board of Auditors/Office of the Auditor General of Norway to carry out audits and on-the-spot verifications and to examine supporting documents, accounting documents and any other documents relevant to the financing of the Programme/project
 - The supporting documents and records must be kept available for inspections and audits for a three-year period following the FMO's approval of the Final Programme Report. The FO should include the relevant provisions in projects contacts to guarantee that project promoters/partners comply with this requirement and keep documents for the required period

PIA art. 9.3, 9.5, 12.3, 12.4 Verifications and audits

PIA art. 12.7

Records

- The three-year period starts on the date of approval of the final Programme and NOT individual project report.
 - The internal accounting and auditing procedures must permit direct reconciliation of the expenditures and revenues declared with the corresponding accounting statements and supporting documents
 - The supporting documents and records must be easily accessible and filed in a way that facilitates examination

The project personnel may no longer be available when the FMO decides to carry out an audit. This is often the case if personnel have been specially hired for the project. In that case, the project documentation will often be the only reliable supporting evidence.

PIA art. 9.2

Proof of expenditure

DEFINITION:

Accounting documents of equivalent probative value

Any document submitted by the body responsible for implementation to prove that the book entry gives a true and fair view of the transactions actually made, in accordance with standard accounting practice.

As a rule, payments shall be supported by receipted invoices. Where this cannot be done, payments shall be supported by accounting documents of equivalent probative value. Where activities are implemented in the framework of competitive tendering procedures, payments to contractors shall be additionally supported by signed contracts.

ONLY two categories of costs do not need to be supported by a proof of expenditures. These are:

- FO: Management fee
- Project promoters: Indirect costs calculated in line with the PIA art. 4.3

Exceptionally, with reference to expenditures incurred by project partners whose primary location is in one of the donor states or project partners that are international organisations or bodies or agencies thereof, the proof of expenditure may take a form of a report by an independent auditor, qualified to carry out statutory audits of accounting documents, certifying that the reported costs are incurred in accordance with the PIA, the relevant law and national accounting practices. In such a case:

- The report shall be accepted by the FO as a sufficient proof of incurred expenditure
- The cost of the report is considered an eligible project cost, providing that it complies with the eligibility rules defined in the PIA and it is included in the project budget
- Upon request by the FMO, EFTA Board of Auditors/The Office of the Auditor General of Norway a project promoter or project partner shall grant access to the supporting documents on the basis of which the report was issued

 The certification process can be governed by the International Standard on Related Services (ISRS) 4400 "Engagements to perform agreed-upon procedures regarding financial information" as published by the IFAC

GOOD PRACTICE

ISRS 4400 establishes standards and provide guidance on the auditor's professional responsibilities when an engagement to perform agreed-upon procedures regarding financial information is undertaken and on the form and content of the report that the auditor issues in connection with such an engagement. This type of agreed-upon procedure could be used for the provision of an auditor's certificate accompanying a partner's financial report.

The objective of an agreed-upon procedures engagement is for the auditor to carry out procedures of an audit nature to which the auditor and the entity and any appropriate third parties have agreed and to report on factual findings. Matters to be agreed include:

- The nature of the engagement
- The purpose of the engagement
- The identification of the financial information to which the agreed-upon procedures will be applied
- The nature, timing and extent of the specific procedures to be applied
- The anticipated form of the report of factual findings

The report should describe the purpose and the agreed-upon procedures of the engagement in sufficient detail to enable the reader to understand the nature and the extent of the work performed.

The annually audited financial statement of an entity cannot replace the specific auditor's certificate confirming that the claimed costs are incurred in accordance with the PIA, the relevant law and national accounting practices.

A suggested template for the expenditures certification report is provided in Annex C (v).

(f) Comply with the requirements of applicable tax and social security legislation

All the expenditures should comply with the **tax and social security legislation** applicable to the entity which incurred them.

9.2.2 Direct expenditures

The following categories of direct expenditure, as defined in the PIA art. 4.2, incurred by the FO, project promoters and project partners may be considered eligible:

Not applicable for the FO's management fee

(a) Cost of personnel assigned to the project

The cost of personnel assigned <u>exclusively to the project</u>, comprising actual remuneration including social security charges and other statutory costs as applicable are <u>eligible at a rate of 100%</u> provided that this corresponds to the usual policy on remuneration of the entity reporting them.

In all the other cases, only the costs of the actual hours worked by the persons directly carrying out tasks under the project may be charged.

Fotal days in a year	365
Veekends	-104
Annual holidays	-21
Statutory holidays	-15
Illness / Other	-15
Workable days in a year	210
Total productive hours	210 x 7.5 hours = 1,575 hours
Total remuneration (statutory costs, including holiday pay, etc.)	€9,000 / year
Hourly rate	€9,000 / 1,575 = €5.71 per hour
Total hours worked for the project	650
Total costs charged to the project	650 x €5.73 = €3,712

The following principles should also be taken into consideration:

- The existence of an employment/work contract, a fee based contract or an appointment decision
- If a personnel member is employed to work exclusively on the project, a clear reference to the project should be included in the contract/appointment decision to avoid any ambiguities.
 - Overtime may be accepted provided that it is necessary to the project, in line with the entity's usual policy and the national legislation. Systematic overtime payments are not in line with the PIA requirements on proportionality and the sound financial management set out in art. 4.1.2
 - Overheads, daily allowances and any other travel related costs cannot be included under this expenditure category
 - Any additional benefits (e.g. monthly transport costs) must be directly linked to the remuneration payments and incurred and paid in accordance with the employment contract or relevant national legislation

In case of any differences in rates between the project budget and the employment contract, the contract rate prevails and should be applied when calculating the incurred personnel costs.

Working time should be recorded throughout the duration of the project by <u>timesheets</u> or a suitable time recording system and adequately supported by evidence of its reality and reliability. Sufficient documentation showing compliance with national social and tax legislations should also be maintained.



GOOD PRACTICE

Consider using timesheets for projects even if the PIA does not require them

An effective timesheet system can help to meet several important objectives:

- Allocating personnel costs to the project according to their actual time inputs
- Allocating the work to the correct activity in the project
- Checking that a personnel member is actually present
- Documenting the personnel's work on the project

Personnel timesheets should be signed, reviewed and approved by their direct superior (for example the project manager).

If personnel work on several projects during the same period, it is a best practice to maintain an overview of the time spent by each individual on the different projects, which should tally with his/her total time worked. This practice should ensure that no time can be charged twice.

(b) Travel and subsistence allowances for personnel and volunteers taking part in the project

The following principles apply to travel and subsistence costs:

- Travel must be clearly linked to the delivery of the project and borne by the entity's personnel or volunteers
- Any expenditure item covered by the daily allowance cannot be eligible in addition to the daily allowance
- The amount of daily allowances must be in line with the relevant national legislation and internal rules of the entity (if applicable)
- The principle of sound financial management should apply to the choice of transport and accommodation
- A proof of expenditure for costs incurred shall be available. It should demonstrate that the travel actually took place and was directly linked to the project (e.g. invoice of travel agent, plane tickets, e-tickets, boarding pass, meal receipts, list of participants, minutes, agenda etc.)
- Direct payment by a personnel member or the partner organisation must be supported by a proof of reimbursement by the entity

Important:

- Travel and accommodation costs of participants of trainings/events should be budgeted for and reported under "costs of consumables and supplies" PIA art. 4.2.1.d)
- Travel and
 accommodation costs
 of external experts and
 service providers
 should be budgeted for
 and reported under
 "costs entailed by other
 contracts awarded by a
 project promoter for the
 purposes of carrying
 out the project" PIA art. 4.2.1.e)

(c) Cost of new or second hand equipment

Depreciation of equipment (new or second-hand) as recorded in the accounts of the entity is eligible provided that the asset has been purchased in compliance with the applicable rules and written off in accordance with generally accepted accounting principles applicable to the entity and generally accepted for items of the same kind. 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.

In exceptional cases the entire purchase price may be considered eligible.



All the equipment should be purchased in accordance with the applicable rules

Important:

The entire purchase price of the equipment can be considered as eligible ONLY if:

- The equipment is an integral and necessary component for achieving the outcomes of the project. In general, this cannot apply to an equipment item purchased when the project implementation is well advanced or at the end of the implementation
- The FO's assessment in relation to the above is documented and the conclusion is specified in the project contract (the equipment item is included in the approved budget)
- The FO ensures that the project promoter complies with additional obligations stipulated in PIA art. 4.2.3
- The detailed means for the implementation of these obligations are specified in the project contract
- If continued use of the equipment would serve no useful economic purpose and therefore, the FO decides to release the project promoter from these obligations, this decision should be specified in the project contract

on procurement as presented on the next page.

If the equipment has not yet been fully depreciated, the remaining depreciation (according to the amount of use in percentage and time) can be eligible under the project.



Example of eligible costs – equipment depreciation:

A project promoter has a piece of equipment that is depreciated over five years and at the start of the project has already been using it for two years. Assuming that the equipment is used 100% for the project, the last three years of the equipment's useful life form an eligible cost of the project (assuming the project lasts for those three years).

(d) Costs of consumables and supplies

Costs of consumables and supplies are considered eligible if:

- They are identifiable and assigned to the project
- The consumables and/or supplies were purchased in accordance with the <u>applicable rules on procurement</u>



Travel and accommodation costs of participants of trainings/events should be budgeted for and reported under this category.

All the assets including equipment and consumables should be:

- Kept safe and used for their intended purposes
- Duly and physically identified (e.g. by stickers, tag numbers, etc.)

(e) Costs entailed by other contracts

Costs entailed by other contracts are considered eligible if:

- Contracts are awarded by the project promoter for the purposes of carrying out the project
- The awarding complies with <u>applicable rules on</u> procurement



- The contract is signed during the eligibility period (the procurement procedure may be launched before).
- Costs incurred by a project partner CANNOT be considered as subcontracting

(f) Costs arising directly from requirements imposed by the project contract

Costs arising directly from requirements imposed by the project are considered eligible if:

- The requirement is clearly specified in the project contract
- Were purchased in accordance with the <u>applicable</u> rules on procurement



Examples of costs arising directly from requirements imposed by the project contract:

Information, publicity, translations, specific evaluations, audits, charges for financial transactions, etc.

Important:

Applicable rules on procurement

For purchases and contracts awarding in the framework of the Programme and the projects:

- National and European Union legislation on public procurement shall be complied with
- In case the national law exempts NGOs from the public procurement, any procurement procedures related to amounts above the European Union thresholds for procurement shall be undertaken in accordance with the applicable EU directives
- In the absence of stricter national laws, in cases of ALL the purchases related to an amount of EUR 5 000 or higher, the entity shall invite at least three suppliers/service providers to submit offers. The contract should be awarded to the bid offering the best value for money the lowest price (as entire appropriate). The selection procedure should be documented
- The rules are there to ensure a transparent, equal-opportunity and competitive process
- Procurement is crucial: if it does not comply with the rules, the FMO may recover the funds
- For more detailed requirements on procurement rules refer to the PIA Chapter 7 Public Procurement
- The FO shall ensure that all records of the awarding and execution of the contracts are kept in line with the PIA art. 12.7

9.2.3 Indirect expenditures

As defined in the PIA art. 4.3 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 apply a flat rate of up to 15% of direct eligible personnel costs to cover these costs. In such a case:

- The flat rate percentage and the maximum amount should be indicated in the project budget/project contract
- The project promoter should be able to demonstrate that the percentage applied represents a fair apportionment of its overall overheads
- The agreed percentage should be applied only to eligible personnel costs reported as incurred in each financial report
- No supporting documents (invoices, receipts, etc.) should be required from the project promoter to document the indirect expenditures when the flat rate is applied

Example of calculation of indirect expenditures:

Budgeting stage

Estimated total amount of eligible personnel costs included in the project budget: €50,000

Indirect costs flat rate proposed by the project promoter and agreed in the project contract: 10%

Total estimated indirect costs budgeted for the project (10%*50,000): €5,000

Financial reporting stage

Total amount of eligible personnel costs reported as incurred during a defined reporting period:

Indirect costs flat rate proposed by the project promoter and agreed in the project contract:

10%

Total eligible indirect costs to be reported during the defined period (10%*10,000):

€1,000



In case of a PDP implemented by or in partnership with an international organisation, indirect costs may be identified in accordance with the relevant rules established by this organisation. In such cases, specific provisions should be included in Annex II to the PIA.

Indirect costs at the Programme level are not eligible as a separate expenditure category and should be covered from the FO's management fee.

9.2.4 Excluded costs

The PIA art. 4.4 provides a list of costs which are not considered eligible and should consequently not be supported in the framework of the Programme. These are:

Interest on debt, debt service charges and late payment charges (e.g. costs on loans taken
 also in relation to the project, penalties/charges related to late payments of invoices)

Charges for financial transactions and other purely financial costs

Exception: Costs related to accounts and financial services imposed by the project contract.

 Costs related to the purchase of land or real estate: <u>ONLY</u> the costs related to reconstruction, renovation, or refurbishment of real estate can be considered eligible, but shall not exceed 50% of the eligible direct cost of the project

PIA art. 4.2.2

- Provisions for losses or potential future liabilities: it is not possible to include potential losses as an eligible expense
- Exchange rate losses: the donors cannot be held liable to pay more in EUR than what
 they have committed in the PIA and at the same time, the projects cannot get more EUR
 than awarded from the Programme grant
- Recoverable VAT: if paid VAT can be recovered at a later stage, it cannot be considered as an eligible expenditure even if it has not yet been recovered
- Costs that are covered by other sources: to avoid <u>double funding</u> (e.g. if the full price of an equipment, purchased previously, was funded from another grant, the depreciation of this equipment cannot be eligible within the project)

GOOD PRACTICE:

To limit a potential risk of double funding:

- Require that all invoices (or similar accounting documentation) are stamped with the project's unique number / accounting cost centre. This should also be stamped on any payment documentation relating to each invoice. Marking them in pencil does not serve the purpose!
- An original document is more reliable than a copy, as it is difficult to alter and offers better protection against recording the same expense item twice. Require project promoters to present you with original invoices at least during on- the-spot verifications of projects performed based on the PIA art. 9.3.2.b)
- Require that personnel is asked to prepare a timesheet on a weekly or monthly basis covering all projects and activities. They should record their time using actual time spent on each project activity, irrespective of what time is budgeted for that project. Not signed and not approved timesheets do not serve the purpose!
- Require that all personnel costs are paid using bank transfers
- Require project promoters to open a dedicated bank accounts for the project if possible
- Fines, penalties and costs of litigation (e.g. fines imposed by public bodies due to lack of security measures on a building site, parking tickets, fines for late payments)

Exception: If the litigation is an integral and necessary component for achieving the outcomes of the project, the costs of such litigation are eligible to be financed from the project.

• Excessive or reckless expenditure: this must be seen in relation to the PIA art. 4.1.2 c) which state eligible expenditures must be "proportionate and necessary for the implementation of the project" (e.g. travelling business class, buying state of the art equipment where cheaper options would cover the same needs)

9.3 PAYMENTS TO FUND OPERATOR AND PROGRAMME LEVEL FINANCIAL REPORTING

9.3.1 Payments to the fund operator

The following are the main rules governing the payments from the FMO to the FO covered in the PIA art. 2.2:

- They shall take a form of the advance payment, interim payments and the payment of the final balance
- They are to pre-finance estimated future expenditures and should ensure that the FO has a positive cash flow throughout the whole implementation period
- Interim payments shall be paid based on Interim Financial Reports (IFRs) submitted by the FO and approved by the FMO
- Amounts requested in the IFRs should be calculated by the FO on basis of:
 - Expenditure incurred directly by the FO
 - Amounts paid to projects and effected by the FO in the form of bank transfers from the regranting account i.e. disbursed amounts
 - Amounts disbursed by the FO to projects should not be confused with incurred project expenditures.
 - The future cash needs of the FO taking into account the funds previously received, reported incurred expenditure and new pre-financing requests.
- They should be denominated and carried out in EUR
- They should be made when all relevant conditions for payments stipulated in the PIA have been fulfilled

(a) Management fee payments

The following are the main rules governing payments of the management fee covered in the PIA art. 2.2.1:

- Unless otherwise agreed and specified in Annex I to the PIA, the advance payment of 10% of the management fee should be paid 14 days after the last signature of the PIA
- The next payments will be done in accordance with the interim financial reports at the payment days referred to in the PIA art. 8.2, unless the report has not been approved by the FMO
- Payments will be transferred to the FO's own account

PIA art. 2.2.1 c) and 8.6.6 • 15% of the management fee will be retained by the FMO. The retained amount will be paid no later than 1 month after the FMO's approval of the Final Programme Report

Example calculation of the management fee retention:

Budget heading	Total
Management fee	€1,000,000

- Amount retained for final balance 15%: €150,000
- Until the Final Programme Report is approved, the payments to the Programme in relation to the management fee will be limited to: €850,000
- The 15% retention is not calculated over each advance and interim payment to the Programme

(b) Other funds payments

The following are the main rules governing payments of other funds covered in the PIA art. 2.2.2:

- In principle, there will be no advance payment in relation to other funds. In exceptional and duly justified cases, if funds are needed before the first interim payment date and this can be justified by the FO, such payment might be considered upon request from the FO
- The exceptional advance payment request should be submitted in a format presented below and should include:
 - A breakdown per budget heading (see below)
 - A justification (e.g. payments to some projects are foreseen before the first payment date referred to in the PIA art. 8.2)
 - o An estimated date by when the exceptional advance is needed

Exceptional advance – other funds (PIA Art. 2.2.2.b)	Amount (EUR)
Outcome 1	
Outcome 2	
Outcome 3	
Fund for Regional Civil Society Initiatives	
Fund for Bilateral Relations	
Total	

Justification for exceptional advance:

Estimated date by when the exceptional advance is needed: dd/mm/yy

 Payments will be done in accordance with the interim financial reports and at the payment days referred to in the PIA art. 8.2, unless the report has not been approved

PIA art.2.1.1 b)

- A detailed description of the management and control systems, accompanied with an audit report and opinion shall be submitted to the FMO prior to disbursing any payment to the regranting account
- Payments will be transferred to the regranting account established by the FMO

PIA art. 1.12

9.3.2 Programme level financial reporting

(a) Interim financial reports

The following are the main rules governing Interim Financial Reports (IFRs) from the FO to the FMO defined in the PIA art. 8.2:

- The reports shall be submitted with a <u>pre-defined frequency</u>, covering two reporting periods in each calendar year:
 - 1 January 30 June for actual expenditure incurred and 1 November 30 April for proposed expenditure, with a deadline for submission to the FMO on 15 September for payments to be made by 15 October
 - 1 July 31 December for actual expenditure incurred and 1 May 31 October for proposed expenditure, with a deadline for submission to the FMO on 15 March for payments to be made by 15 April
- The purpose of an IFR is to provide:
 - A statement of actual expenditure incurred in EUR for the reporting period preceding the submission date of the report (i.e. if the submission deadline is 15 September, reporting shall cover the period 1 January – 30 June)
 - A statement for proposed eligible expenditure in EUR for the reporting period immediately following the submission date of the report (i.e. if the submission deadline is 15 September, the proposed expenditure shall cover the period 1 November – 30 April)

Example calculation of the proposed expenditures - IFR:				
Cash Balance Calculation : 15 September IF	-R			
Forecasted eligible expenditure for the next reporting period November - 30 April)	+ €800,000			
- Previously proposed eligible expenditure till 31 October	- €1,000,000			
+ Total incurred eligible expenditure reported till 30 June	+ €600,000			
+ Forecasted eligible expenditure between 30 June - October	31 + €100,000			
Proposed eligible expenditure for the next reporting period November-30 April) in IFR	(1 €500,000			

Information on progress towards achieving outputs and outcomes, as appropriate

- Reporting on incurred and proposed expenditure shall be <u>broken down per budget heading</u> as set out in the Programme's budget
- The FMO will disburse the amount of the proposed expenditure, <u>unless it is considered</u> <u>unjustified</u>. The amount of any previously disbursed, but unused funds will be taken into consideration when approving the IFR for payment. In case of any modifications made by the FMO, the FO will be informed
- An IFR received after its due date but on, or before, the following due date will be processed
 by the FMO as if the report was received on its following due date. If an IFR has not been
 received within twelve months from the end of the reporting period in which the expenditure
 has been incurred by the FO, the expenditure for that period will be <u>declared ineligible and</u>
 cancelled
- In case of discrepancies in payments which are due to rounding errors and which cumulatively do not exceed EUR 50, the relevant amounts shall be taken into account in the calculation of the final balance
- The FO should submit IFRs in a template provided by the FMO via a web-based interface.
 The interface will provide all necessary explanations and guide the FO through all steps of completing and submitting the report

(b) Reporting on final balance

The final programme balance on the regranting account should be calculated by the FO and included in the <u>financial annex of the Final Programme Report</u> to be approved by the FMO in accordance with the PIA art. 8.6.

A statement of actual expenditure incurred for the last reporting period will also be part of the financial annex. This section will follow the standard format of the same section of the IFR.

Similarly to the IFR, the FO will be required to submit this report in <u>a template provided by the FMO</u> via a web-based interface.

The calculation of the final balance should take into consideration:

- The total advance and interim payments transferred by the FMO to the regranting account
- The total eligible expenditure reported by the FO

All amounts recovered and returned by project promoters following a cancellation of all or part of the project grant shall be transferred to the regranting account prior to the closure of the Programme.

9.4 FORECAST OF LIKELY PAYMENTS APPLICATIONS

Based on the PIA art. 8.3, the forecast of likely payment applications shall be submitted to the FMO 4 times a year: by 20 February, 20 April, 20 September and 20 November, in a format provided by the FMO.

When preparing the forecast to be submitted to the FMO, the following points should be adhered to:

- During the current year, the estimated total payment application for that year should be submitted including already paid amounts in the year
- The forecast should include justifications for the forecast e.g. explanations on any changes from the previous forecast.
- The forecast shall include estimated payment applications for each year including the current year

Each forecast should be updated and reviewed carefully by the FO as this input is important for the budgetary planning of the donor states.

9.5 PAYMENTS TO PROJECTS

Payments from the FO to the project promoters, as defined in the PIA art. 9.4 shall 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 proposed in the Programme proposal and set in the PIA. The level of advance payment shall be adequate and shall ensure a regular financial flow at project level.

The frequency and timing of payments shall be set out in a way that a positive cash flow is ensured to project promoters during project implementation. Interim payments may be based either on the principle of pre-financing or on the principle of reimbursement of incurred expenditure, whichever is found more appropriate by the FO.

9.6 VERIFICATIONS OF PROJECTS

Key message:

The verifications should form an integral part of the internal control systems of the FO and, where properly implemented should also contribute to the prevention and detection of any fraud.

9.6.1 General rules

Based on the PIA art. 9.3.2, verifications of projects (compliance-based monitoring) should take a form of:

- Administrative verifications in respect of incurred expenditure reported by project promoters
- On-the-spot verifications of projects

The FO is responsible for planning, administering and assessing its internal capacity to identify the number and value of projects which can be appropriately managed. It should seek to have adequate human resources with an appropriate experience. In particular, the FO's staff performing the verifications of projects needs to have knowledge of national laws and EEA/Norway grants rules and requirements (eligibility rules, information and publicity requirements, etc.). When the administrative verifications and on-the-spot verifications are carried

out by different persons, the procedures in place should ensure that both receive relevant and timely information on the results of the verifications carried out.

The verifications of projects should cover administrative, financial, technical and physical aspects of projects. In particular the verifications should cover:

- Adequacy of supporting documents and existence of an adequate audit trail
- Compliance with all the eligibility rules defined in the PIA
- Compliance with generally accepted accounting principles
- Compliance with the project contract as well as applicable national and European Union legislation
- Respect of the rules on publicity (photographs of billboards, copies of promotional brochures, training course materials and diplomas may be used to provide evidence of the verification of compliance with the publicity requirements)
- No double funding
 - When the same project promoter implements more than one project at the same time or receives funding from other donors, there shall be a mechanism in place to verify potential double financing of expenditure items.
- Physical progress of the project
- Delivery of the product or service

9.6.2 Verifications records

The FO shall be in a position to demonstrate, through adequate documentation of the verifications carried out, that the overall intensity of verifications, both administrative and on-the-spot, is sufficient to give a reasonable assurance of the legality and regularity of the expenditure co-financed under the Programme.

All the verifications shall be documented (e.g. in a form of <u>checklists</u>). The verification records should, as a minimum, include:



- A brief summary work of performed
- Details of the financial report/expenditure items reviewed
- The value of checked expenditure i.e. the amount tested to source documentation
- The results of the verifications
- A description of irregularities detected with a clear identification of the related rules infringed and the corrective measures taken (follow up action may include the submission of an irregularity report and a procedure for recovery of the funding)
- The name and position of the person performing the verification
- The date and signature

9.6.3. Administrative verifications

Administrative verifications are desk-based documentary examinations of the financial report and relevant supporting documentation (e.g. invoices, proofs of payment, timesheets, presence lists, proofs of delivery, bank statements, others). The main principles of the administrative verifications required under the PIA art. 9.3.2.a) are:

GOOD PRACTICE:

Checklists, which act as a guide for carrying out the verifications, are often used to record each of the actions performed together with the results. To be useful, these should be sufficiently detailed. For example. when recordina verifications of the eligibility of the expenditure, it is not sufficient to have one box on the checklist stating that the eligibility of the expenditure has been verified. Instead, a list of each of the eligibility points verified should be detailed with reference to the related legal basis. For more straightforward verifications such as checking the sum of a list of transactions, a simple tick beside the total figure would suffice to record the work done.

To serve the purpose, as a minimum, the checklist should include questions on:

- All general eligibility criteria listed in the PIA and the specific criteria for each type of expenditure, including indirect costs
- The identification of ineligible expenditure as defined in the PIA
- Each financial report submitted by the project promoter should be verified by the FO before it is approved
- The supporting documentation required from the project promoter should, as a minimum, include a schedule of the individual expenditure items, totalled and showing the expenditure amount, the references of the related invoices, the date of payment and the payment reference number and list of contracts signed (if applicable). Moreover, ideally,

electronic invoices and payments or copies of invoices and proof of payment should be provided for all expenditure items. However, where this would involve a large volume of documentation, an alternative approach might involve requesting only the supporting documentation in respect of a sample of expenditure items selected for the detailed review as explained below

The documents to be submitted with each report should be comprehensive in order to enable the FO to verify the legality and regularity of the expenditure.

- In a case of a large volume of transactions/supporting documents accompanying the financial reports, it is advisable to focus verifications on samples of transactions/items, selected based on risk factors
- The sampling methodology used and a reasonable percentage of declared project costs to be verified against supporting documents (per each risk level) shall be established ex-ante by the FO and described in the MCS

GOOD PRACTICE:

The following <u>risk factors</u> can be taken into account when selecting a sample of transactions/items for a detailed review:

- A type of project promoter/project
- A value/type of expenditure items
- The past experience (e.g. a number and gravity of problems identified when reviewing previous reports from the project promoter)

The sample selected based on the risk factors should be complemented by a random sample of invoices/transactions to ensure that all items have a probability to be selected.

9.6.4 On-the-spot verifications

Visits of projects as a preventive measure to verify the capacity of an applicant do not replace the on-the-spot verifications of projects selected for funding

BUT

On-the-spot verifications can be considered as a part of the monitoring (on-site compliance-based monitoring) and should be a part of the monitoring plan

On-the-spot verifications required under the PIA art. 9.3.2.b) should be carried out in order to check in particular:

- The reality/physical existence of the project
- Delivery of the product or service in full compliance with the project contract
- Physical progress
- Respect for the rules on publicity, etc.
- Existence of original supporting documents (especially when the same project promoter implements more than one project at the same time or receives funding from other donors)

Frequency and coverage of on-the-spot verifications should be proportionate to the financial support and to risks identified. On-the-spot verifications may be carried out on a sample basis. Where sampling is used for the selection of projects for on-the-spot verifications, the FO shall keep records describing and justifying the sampling method and a record of projects selected for verification. No project shall be excluded from the possibility of being subject to an on-the-spot verification. The sampling methodology used and a reasonable percentage of project to be verified on-thespot shall be established ex-ante by the FO and described in the MCS.

Generally, the notification of the on-the-spot verifications should be given in order to ensure that the relevant personnel (e.g. project manager and accountant) and documentation (in particular, financial records including bank statements and <u>original</u> invoices)

GOOD PRACTICE:

The following risk factors can be taken into account when selecting a <u>sample</u> of projects for on-the-spot verifications:

- Complexity of the project
- The amount of financial support
- The extent of detailed checks during the administrative verifications
- The level of risk identified during administrative verifications (i.e. problems, irregularities, particular transactions that appear unusual and require further examination)

are made available during the verification. However, in some cases (e.g. suspected fraud, risk that documents will be forged, etc.), it may be appropriate to carry out on-the-spot verifications without a prior notice.

It is recommended to carry out on-the-spot verifications of projects prior to their completion to enable corrective action in case problems are identified and to avoid that irregular expenditures are approved. The recommended timing is:

- Normally when the project is well under way (physical and financial progress)
- For projects of intangible nature: during project implementation to attest reality of activity
- For projects for which the entire purchase price of an equipment item was allowed by the FO: an additional verification after project's completion should be considered in order to verify compliance with additional obligations as stipulated in the PIA art. 4.2.3

9.7 AUDITS

Key message:

The objectives of the audits are different from those of the verifications, the former being carried out by an external auditor and mostly ex-post. The objective of the audits is to assess whether the internal controls are operating effectively whereas the FO's verifications form a part of the internal controls and regular monitoring.

9.7.1 Audits of projects

Based on the PIA art. 9.5.1, at least <u>10% of expenditures</u> incurred by the project promoters, covering at least <u>15% of projects</u>, shall be subject to an independent external financial and compliance audit commissioned by the FO.

Example calculation of the required audit coverage:	
Total amount of expenditures reported as incurred by project promoters:	€ 10,000,000
Total number of projects implemented within the Programme:	200
Minimum audits requirements: Minimum amount of expenditures to be audited (10%): Minimum number of projects to be audited (15%):	€ 1,000,000 30

In case all projects are of small values and 15% of them is less than 10% of expenditures incurred, a number of projects to be audited should be increased until the total amount reaches the required minimum of 10%

The sample of projects to be audited should be selected by the FO or the audit company based on the risk assessment. The main principles of the sampling approach should be defined in the MCS

The audits must be performed by an independent certified auditor in accordance with the applicable International Standards on Auditing (ISA), the International Standards on Quality Control (ISQC) and the Code of Ethics as published by the IFAC.

The auditor should verify compliance of expenditures with the *Contractual conditions applicable* for the Active Citizens Funds: audit of legality and regularity of expenditures.

The specific objectives, or assertions, for which the auditor should ultimately report on are:

- Reality and measurement: underlying operations exist and are accurately determined
- Eligibility of underlying transactions: eligibility criteria are met for the various transactions
- Compliance with other requirements: other (non-eligibility) criteria are met
- Correctness of calculations: all calculations are correctly undertaken
- Completeness and accuracy of accounting: all transactions are accounted for, are not included more than once, and are recorded in the correct accounting period and at correct value

DEFINITION:

Contractual conditions applicable for the Active Citizens Funds:

- EEA/Norway Grants contractual framework: PIA
- Beneficiary state's national legislation applicable to the FO/project promoter/partner

Auditor	Independent certified auditor: an audit company or auditor who is recognised by national law or is accredited by a national professional body (e.g. Chamber of Auditor or equivalent) which entitles them to carry out the tasks and draw up reports and opinions.	
Audit scope	Expenditure as stated in the interim/final financial report of the project	
Audit objectives	To express and opinion on whether:	
	 the financial report presents fairly, in all material respects, the actual expenditure incurred and revenue received for the project for the defined period in conformity with the applicable contractual conditions; and the project funds provided have, in all material respects, been used in conformity with the applicable contractual conditions. 	
Audit deliverables	Audit report including:	
	 audit opinion description of findings including quantification of any amounts considered ineligible 	

Figure 5: Main audit requirements

It is recommended that the projects' audits are carried out after submission of the **final** project report and before its approval by the FO. In such case, the audit scope will include all the expenditures reported for the project.

9.7.2 Audit of expenditures incurred by the FO

Based on the PIA art. 9.5.2, the costs incurred directly by the FO shall be subject to an independent external financial and compliance audit commissioned by the FO before submission of the Final Programme Report referred to in the PIA art. 8.6.

This obligation also includes costs incurred within the framework of any pre-defined project implemented directly by the FO. Costs related to audits of pre-defined projects implemented by the FO should be allocated within the budget of each project in question.

Principles and requirements applicable for this audit are the same as for audit of projects described in the section above.

9.7.3 Audits and on-the-spot verifications arranged by the FMO

Based on the PIA art. 12.3, the FMO may arrange audits and on-the-spot verifications of the Programme and projects. These cover e.g. audits on the management and control systems launched by the FMO.

9.7.4 Audits by EFTA Board of Auditors/Office of Auditor General of Norway

Based on the PIA art. 12.4, also the EFTA Board of Auditors/Office of Auditor General of Norway may conduct audits of the Programme and projects.

X IRREGULARITIES, FINANCIAL CORRECTIONS, SUSPENSIONS OF PAYMENTS AND COMPLAINTS

10.1 RESPONSIBILITIES RELATED TO IRREGULARITIES

Irregularities are defined in Article 10.2 of the PIA. In accordance with Chapter 10 of the PIA, the Fund Operator shall:

PIA Article 10.2

- Make every effort possible to prevent, detect, and nullify the effect of any cases of irregularities
- Investigate any suspected and actual cases of irregularities promptly and efficiently, including making any financial corrections that may be appropriate
- Keep a register of all irregularities, and shall, upon request from the FMO, inform the FMO about the irregularities within one month
- Report all suspected and actual cases of irregularities to the FMO
- Take all reasonable measures to recover any amount unduly paid to a project promoter, including using any available judicial or administrative remedies

10.2 FINANCIAL CORRECTIONS AND SUSPENSION OF PAYMENTS

In accordance with Chapter 10 of the PIA, the FMO may:

- Make financial corrections consisting of cancelling all or part of the financial contribution to the Programme
- Decide to suspend payments to a Programme
- Decide to suspend payments to any of the projects under a Programme if the Fund Operator has not taken the appropriate and necessary measures to investigate and, when appropriate, remedy such deficiencies or prevent loss of funds.

The procedures for applying financial corrections and suspending payments are described in Chapter 10 of the PIA.

10.3 COMPLAINT MECHANISM

In accordance with Article 10.5 of the PIA, the Fund Operator shall:

- Establish a complaint mechanism, which ensures the anonymity of the complainant. The mechanism shall, as a minimum, comprise:
 - o a procedure for submitting and addressing complaints
 - o a Complaints Committee
 - Prominently place information on its website about the complaint mechanism and how to submit a complaint
 - Upon request of the FMO, examine complaints received by the FMO

PIA Article 10.5

Complaints mechanism

- In accordance with its responsibilities in section 9.1 above, report any complaints involving suspected irregularities to the FMO
- Maintain a register of all complaints

10.3.1 Complaints Committee

The objective of the Complaints Committee shall be to:

- Provide an accessible, transparent and consistent mechanism for complainants to express concerns regarding a supposed occurrence of mismanagement
- Assess each complaint submitted to it in a timely and effective manner
- Provide guidance and recommendations regarding follow-up, and
- Report back to the complainant (and to the FMO upon request) on corrective actions when applicable to resolve any assumed incidents of mismanagement.

The Complaints Committee shall be established at the level of each Programme and include at least:

- One member who is external to the Fund Operator and its Board
- One member of the Executive Board of the Fund Operator, and
- The director/senior manager of the Fund Operator.

The Complaints Committee shall exclude programme staff responsible for assessing project applications and following up on those projects subject to complaint. The Fund Operator should document and clear conflict of interest issues related to the composition of the Complaints Committee.

All complaints shall first be assessed by the FO. A complainant who is not satisfied with the conclusion made by the FO has the right to take the case to the Complaints Committee, which shall again assess the complaint and conclude on the case.

If it is concluded, as a result of the assessment by the FO or the Complaints Committee, that the complaint concerns a case of irregularity, as defined in Article 10.2 of the PIA, and which needs to be reported to FMO in accordance with Article 10.4 the PIA, the FO shall report the case to the FMO following the standard irregularities procedure.

Complaints may still be submitted directly to the FMO. If the FO is not the subject of the complaint, the FMO should refer the complaint to the FO. If the FO is the subject of the complaint, the FMO will investigate the case and may ask the programme's Complaints Committee to provide a response (maintaining the complainant's confidentiality).



Civil Society Bilateral Manual

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1 Introduction

The EEA and Norwegian Financial Mechanisms 2014-2021 have two overall objectives of equal importance:

- contributing to the reduction of economic and social disparities in the European Economic Area
- strengthening bilateral relations between Iceland, Liechtenstein and Norway (hereafter referred to as 'the donor states'), and each of the 15 beneficiary states (hereinafter the 'bilateral objective')

All programmes, projects and bilateral fund activities shall contribute to these two overall objectives.

Bilateral activities under the Active Citizens Fund contribute to strengthening bilateral relations between civil society organisations and other entities in the beneficiary country and in the donor states, in line with the overall objectives of the EEA and Norway Grants, as stated in the article 4.1 of the Programme Implementation Agreements (PIA).

This Bilateral Manual is annexed to the Manual for Fund Operators of the Active Citizens Fund and is complementary to the PIA. In case of conflict between this Manual and the PIAs, the provisions of the PIA shall prevail.

The purpose of this Manual is to provide guidance and recommendations on how to achieve the objective of strengthened bilateral relations in the programmes for civil society where the FMO is the Programme Operator. It also clarifies specific references in the PIA and provides further guidance to the Fund Operators, Donor Contact Point(s) and the FMO as Programme Operator on designing, implementing and reporting on bilateral cooperation under the Active Citizens Fund.

1.1 Definition of strengthened bilateral relations

Bilateral relations between countries refer to political, economic, cultural and historical ties, as well as people to people contact. Strong bilateral relations are characterised by cooperation between institutions and persons at administrative and political level as well as in the private sector, academia and civil society. Other elements of bilateral relations include trade and investment, cultural exchange, as well as general knowledge, understanding and public awareness about the other country and the ties existing between them.

The bonds between the countries involved in the EEA and Norwegian Financial Mechanisms are already strong due to a common history and culture, shared values and geographical closeness.

In the context of the Active Citizens Funds of the EEA and Norwegian Financial Mechanisms, the operational definition of 'strengthened bilateral relations' is: **Enhanced cooperation and improved mutual knowledge and understanding between donor and beneficiary states.**

2 A strategic approach to bilateral relations in the Active Citizens Fund

The Active Citizens Funds contribute to the overall bilateral objective of strengthening bilateral relations between the donor and beneficiary states.

The objective of strengthening bilateral relations is of equal importance as the objective of reducing social and economic disparities. However, bilateral cooperation activities are also expected to make a positive contribution to the overall objective of the Programme Area: 'Civil society and active citizenship strengthened and vulnerable groups empowered'. Bilateral activities should be mutually beneficial, based on a strategic and long-term perspective, and leverage the respective strengths of entities in the donor states and in the beneficiary states. A strategic approach to bilateral relations implies fostering bilateral ties and cooperation that are sustainable and bring together relevant stakeholders in donor and beneficiary states.

By providing a flexible source of funding for initiatives of mutual interest, the Fund for bilateral relations is an instrument to strengthen the cooperation and increase mutual knowledge and understanding between the donor and beneficiary states. The use of the fund for bilateral relations should be strategically targeted towards priorities and activities of bilateral interest.

A good bilateral initiative is planned and carried out in partnership between entities in the donor and beneficiary states to address an issue of common interest. The initiative contributes to increased cooperation or increased mutual knowledge and understanding, as well as joint results within the field they are working.

A results-based management approach should underpin the strategic approach to bilateral relations under the EEA and Norwegian Financial Mechanisms. In practice, applying a results-based approach to bilateral cooperation means identifying clear objectives at the outset and to focus on achieving planned results. Each Active Citizens Fund shall include a common bilateral outcome. Guidance on results-based management under the Active Citizens Funds is provided in the Civil Society Results Manual (please see Annex B of the Manual for Fund Operators of the Active Citizens Fund).

2.1 Donor Contact Point

Donor Contact Point(s) will be in place to facilitate bilateral relations between civil society and other entities in the donor states and the beneficiary states.

The Donor Contact Point(s) shall be invited to give input during the development of the Concept Note and the development of the bilateral plan and invited to the stakeholder consultation.¹

The role of the Donor Contact Point(s) may vary from programme to programme.

3 Donor partnership projects

In order to achieve the overall objective of strengthened bilateral relations, all programmes shall encourage and facilitate projects planned and implemented in partnership between civil society and other entities in the donor and beneficiary states— *donor partnership projects*.

When a call for proposals is foreseen, donor partnership opportunities should be planned for and widely promoted by the FOs in the beneficiary states, as well as by the Donor Contact Point(s) in the donor states, allowing sufficient time for partnerships to materialise.

The project level cooperation shall be mutually beneficial to the involved partners, and the partnership is expected to have a positive impact on the project.

3.1 Donor project partners

A 'donor project partner' is a *legal person* actively involved in, and effectively contributing to, the implementation of a project, and whose primary location is in one of the donor states. Both public and private entities, commercial and non-commercial, as well as non-governmental organisations may participate as donor project partners in a project.

The degree of involvement and the content of the partner's contribution will vary but only projects implemented in close co-operation between beneficiary and donor state partners will be considered donor partnership projects. They should be joint initiatives where input from both partners is necessary to achieve the project objectives.

Donor project partners should be involved as early in the planning stages of the project cycle as possible. The donor project partner should be consulted on, and given the opportunity to contribute to the relevant aspects of the project application.

3.2 Facilitation of donor project partnerships

It is crucial that the FO actively encourages and facilitates the establishment of donor partnership projects throughout the programme cycle, by considering the potential for bilateral project-level cooperation during the programme development, carrying out relevant matchmaking events and activities before, or at the latest, in conjunction with launching calls for proposals, as well as by encouraging donor partnership projects in call

¹ For more information on the concept note phase please see the Civil Society Results Manual, section III.1.

texts. The FO should apply clear and proportionate application procedures and reporting requirements, with a view to encourage cooperation between entities in the donor and beneficiary states.

The FO should ensure that project applicants are provided with sufficient guidance on how to best establish contact with potential donor project partners. Partnership opportunities shall be widely communicated, including on the FO's dedicated programme website.

The Donor Contact Point(s) may assist the FO in the facilitation of project partnerships through appropriate measures, from ensuring that programmes are designed to encourage and enable bilateral cooperation on project level, to identifying and bringing in potential donor project partners. In the donor states, the Donor Contact Point(s) shall communicate partnership opportunities to relevant entities, and should make such information available on their websites.

Donor state embassies may also offer advice and assistance to FOs and project applicants in the beneficiary states, by advertising partnership opportunities and referring applicants to relevant donor state entities.

3.3 Project partnership agreements

In each donor partnership project, the project promoter shall enter into a partnership agreement with the donor project partner(s), in line with the requirements set out in Article 5.7 of the PIA. Partnership agreements involving a donor project partner shall be in English.

A partnership agreement template is attached to this Manual and may be used in donor partnership projects.

The partnership agreement forms the basis for the cooperation between the parties, and it is therefore crucial that the project promoter and donor project partner work closely together in the preparation of the agreement.

The draft partnership agreement or alternatively a letter of intent shall be submitted to the FO in English at the latest prior to the signature of the project contract. This gives the project promoter and donor project partner sufficient time to develop their cooperation and agree on roles, responsibilities and financial arrangements without being rushed into signing a partnership agreement. The parties should however seek to sign the partnership agreement as soon as possible following the signature of the project contract.

In any project, including donor partnership projects, the project promoter is in general the grant recipient and the only one to enter into a contractual relation with the FO. In most donor partnership projects, the donor project partner will nevertheless implement parts of the project activities. The financial contribution to the project will consequently be distributed among the partners in accordance with the partnership agreement.

The expenditure of the donor project partners is reimbursed from the project budget, and accordingly, it is important that the partnership agreement includes figures which reflect the actual cost level in the donor state. The FO should ensure that funds for the donor project partner set aside in the partnership agreement can realistically enable the donor project partner to be reimbursed for its contribution.

It is important to note that there are substantial variations in the level of costs between the donor and beneficiary states. Differences in price levels must be reflected in the planning and implementation of project partnerships. This is to ensure that sufficient funds are set aside for donor partners and that reimbursements cover their actual costs. The Donor Contact Point(s) can be of assistance when there are questions regarding the cost level in the donor states.

4 Fund for bilateral relations

The Programmes shall set aside a minimum of 1% (and not less than EUR 10 000) of the total allocation for programmes up to EUR 20 million, and 0.5% of the total allocation for programmes above EUR 20 million for a bilateral fund. The FO is responsible for the use of the fund and makes sure the activities contribute to the bilateral objective and to the Programme objective.

Both donor state entities and relevant entities in the beneficiary state shall be eligible beneficiaries as promoters or partners under the fund.

Bilateral cooperation refers to networking, exchange, strengthening cooperation, sharing and transfer of knowledge, technology, experience and best practice between civil society organisations and other entities in the beneficiary states and in the donor states. 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, also contribute to bilateral cooperation.

The involvement of a donor state entity is a pre-requisite for the activity to be considered a bilateral activity. International organisations may also be involved in bilateral activities, provided that there also is a donor entity involved. The FO should strive to finance initiatives that have a clear bilateral profile and serve the purpose of strengthening bilateral relations between the donor and beneficiary states. As an example, in an event supported under the fund for bilateral relations, having attendants from donor state entities at the actual event is not considered sufficient to define the activity as 'bilateral'. The event must reflect the bilateral ambition throughout the event programme, e.g. through a focus on exchanging relevant experiences between the donor and beneficiary state. Donor partners shall be actively involved in planning and organising the activity.

Examples of activities that could be carried out under the fund for bilateral relations include:

- matchmaking events
- development of donor partnership project applications
- technical cooperation and exchange of experts
- secondments and internships
- capacity building and short term training
- workshops and seminars on topics of common interest
- joint side events at international meetings
- joint participation in international network organisations
- study tours and visits
- data collection, reports, studies and publications
- campaigns, exhibitions and promotional material

This list is non-exhaustive.

The fund for bilateral relations may be used for activities that support the development of project applications and/or exploring partnership possibilities. This support can include for example travel and meeting costs for potential partners or any costs related to the development of the project application or development of the partnership. Funds for this purpose can be allocated through open calls for proposals at specific points of time (e.g. some months prior to the main calls for proposals), or by allowing for applications on a continuous basis, depending on the specificities of each programme.

The FO can also initiate and organise events and meetings to promote donor partnership projects, for instance through outreach and matchmaking seminars for potential project applicants and potential donor project partners, to allow them to explore cooperation possibilities. The FO may decide to distribute such funds through calls for proposals, simple expression of interest or by 'pre-defining' activities.

In the awarding of funds for bilateral relations, the FO shall apply the principles of good governance, transparency, equality, efficiency and zero-tolerance towards corruption.

The success of the funds for bilateral relations is dependent on relevant entities being aware of the availability of funding opportunities. Information on the existence and the procedures of the fund shall therefore be accessible to all relevant stakeholders, including to donor state entities. For further details, please consult the Manual for Fund Operators of the Active Citizens Fund, Chapter 3 on Communications.

4.1 Plan for bilateral fund

The FO will submit a **provisional plan for the first year's bilateral cooperation** to the FMO prior to the signing of the PIA. This provisional plan is drawn up in coordination with the FMO and can be informed by discussions with the Donor Contact Point(s).

Within the first year of the signing of the PIA, a plan for use of the bilateral fund ('plan for bilateral fund') for the implementation period shall be submitted to the FMO for approval. The Donor Contact Point(s) shall be invited to provide input to the plan. It shall

describe the administrative procedures for how to manage the fund to best achieve the bilateral objective.

Thereafter, the FO submits annual updates to the plan for the bilateral fund to the FMO. The FO shares information on bilateral plans and activities with the other FOs of the Active Citizens Funds in the beneficiary states in order to ensure a strategic approach to bilateral cooperation across the beneficiary countries, and informs the donor state embassies and NFP of significant bilateral activities.

The plan is in English, and is made available via the webspace of the Active Citizens Fund: [URL].

4.2 Eligibility of costs and disbursement of funds

For guidance on the eligibility of costs and disbursement of funds, please see the Manual for Fund Operators of the Active Citizens Fund sections 9.2 and 9.3.

The FO's staff costs related to organising a bilateral call, selecting the initiatives and contracting are covered by the Programme management fee.

5 Bilateral reporting

In the Annual Programme Report, the FO shall, in accordance with Article 7.1 of the PIA assess and report on progress towards the bilateral objective, including, but not limited to, the bilateral outcome and output indicators.

Bilateral initiatives shall be reported on through the Information System. The FO is responsible for registering initiatives covered from the funds for bilateral relations. The registration in the system should be made within four weeks following the completion of the initiative.

The bilateral initiatives reporting enables overviews of the type of activities supported, the actors involved, and results achieved. A detailed guidance note on how to fill in the form will be available in the Information System. For more detailed guidance on reporting please refer to the Civil Society Results Manual.



Civil Society Results Manual

Rules and Guidance on How to Design, Monitor and Evaluate, Manage Risks, and Report on Results for the Active Citizens Fund

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I. Introduction

This Manual defines how to manage for results and risks in the planning, implementation and completion of the programmes for civil society (the Active Citizens Funds) under the European Economic Area (EEA) and Norwegian Financial Mechanisms 2014-2021.

The primary objective of this Manual is to provide the relevant stakeholders – Fund Operators (FOs), donor contact points, project promoters, project partners (including donor project partners), and the Financial Mechanism Office (FMO) as Programme Operator of the directly-contracted programmes for civil society – with the detailed rules and obligations to assist them with recommendations in designing, implementing and reporting on programmes.

This Manual is part of the Manual for Fund Operators of the Active Citizens Fund (hence forth 'Civil Society Manual') and is complementary to the Programme Implementation Agreement (PIA). In case of conflict between this Manual and the PIA, the provisions of the PIA shall prevail.

After having studied the Civil Society Results Manual, you should be able to:

- 1. Understand the main concepts of results-based management
- 2. Design the intervention logic (results framework) for a programme
- 3. Identify and analyse risks and decide appropriate mitigating actions
- 4. Harmonise calls for proposals with the programme's intervention logic
- 5. Monitor, report, and evaluate programme results

A new **information system** is currently under development. Once the system is operational, all mandatory templates provided or referenced in this Manual will be integrated into it, allowing (and requiring) the Fund Operators to make submissions through the system.

Until the system is ready, the Fund Operators shall use the templates provided or referenced by this annex.

Highlighted rules are indicated by

II. Results-based management

Alice in Wonderland was told that, "If you don't know where you're going, any road will get you there." This lack of direction is what results management aims to solve. It is about choosing a destination first, then deciding on the route, checking progress against a map and making adjustments, as required, in order to achieve the desired results.

1. What is results-based management?

Results-based management is a management strategy by which all actors, contributing directly or indirectly to achieving a set of results, ensure that their processes, products and services contribute to the achievement of the desired results.¹

Results-based management is:

- identifying and analysing the problem/issue that needs to be addressed;
- defining realistic expected results based on appropriate analysis;
- clearly identifying intermediaries and end beneficiaries;
- monitoring progress, including through appropriate indicators;
- · reporting on the results achieved and resources used;
- identifying and managing risks;
- carrying out timely evaluations; and
- integrating lessons learned into decisions on programming.

2. Why results-based management?

The EEA and Norwegian Financial Mechanisms are committed to being results-oriented.

Result-based management looks beyond activities and outputs to focus on actual results: the changes created, and contributed to, by the programming. By establishing clearly defined expected results, collecting information to assess progress toward them on a regular basis, and taking timely corrective action, Fund Operators can manage the programmes in order to maximise achievement of results.

Good results-based management systems are a source of knowledge capital. They enable organisations to develop a knowledge base of the types of projects, programmes, and policies that are successful, and, more generally, what works, what does not, and why. In this context, they **promote organisational learning**.

Results-based management can also aid in **promoting greater transparency and accountability** within organisations. External and internal stakeholders will have a clearer sense of the status of projects, programmes, and policies.

¹ All terminology is defined in the <u>Glossary</u> at the back.

3. What are results?

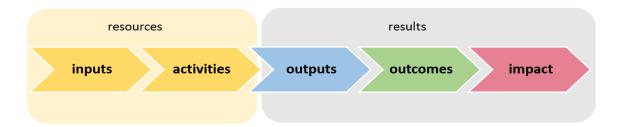


Figure 1: Results chain

A central element in results thinking is the 'results chain' (figure above), which is an illustration of the anticipated causal relationship between resources and results over time. In other words, we are talking about a cause-and-effect relationship.

Resources: Inputs are the financial, human, material, technological and information resources used for interventions. Activities are the actions taken or work performed through which inputs are mobilized to produce specific outputs.

Results: In line with international standards, we define a result as an *output*, *outcome or impact* of an intervention.

While the results chain shows the causal relationship between its elements over time, this does not imply a linear process only. Like all models, it represents a simplification of a complex

reality in which many factors beyond the control of programme management may affect the results of the intervention, particularly at outcome and impact levels.

As outputs are normally possible to attribute directly to the programme activities performed, there is a tendency for programme managers to focus on activities and outputs in programme monitoring, while neglecting the monitoring of outcomes. However, it is generally accepted that <u>outcomes represent the most important result level in results management</u>.

Although it can be challenging to attribute improvements to the environment or to the wellbeing of a target group to a specific intervention, we should plan interventions so that the results achieved at output and outcome level are *likely* to *contribute* to a long-term effect on society/environment, beyond the intermediaries identified.

What are results?

Results are the outputs, outcomes and impacts of an intervention or a programme.

Outputs are the products, capital goods and services delivered by an intervention (project or programme) to the direct target group. Outputs are easy to attribute directly to the resources used and the activities performed.

Outcomes are the (short and mediumterm) effects of an intervention's outputs on the intermediaries or end beneficiaries.

Impact/objective is the long-term effects or changes of an intervention on

4. What is intervention logic?

Each programme is based on a hypothesis about how change is expected to take place. This hypothesis is commonly known as the intervention logic. The intervention logic is the story of

how the inputs will be converted into programme activities, how activities will produce/deliver specific *outputs*, what effect those outputs are likely to have on the intermediaries (*outcomes*), and in turn, which longer-term societal effects the outcomes can contribute to (*impact*). The intervention logic should be made as explicit as possible, and it should be apparent in the *results framework* – a more elaborate presentation of the results chain. It needs to be developed and outlined at the start of the programme cycle – prior to entering into the programme implementation agreement.

It is important to ground an intervention logic in evidence. Evidence for sound intervention logic is often found in scientific literature, evaluation reports, stakeholder consultations, conference papers or assessments conducted by reputable institutions, such as the EU, OECD, the World Bank or the United Nations Development Programme to name a few. The more solid the evidence supporting an approach, the better.

5. What is the link between results and risks?

For all types of institutions (local or national government institutions, civil society organisations or businesses), the

Measuring and reporting on results should focus on the effects an intervention has had for the direct target group or end beneficiaries.

If an institution carries out an awareness-raising campaign, it is the effects of the campaign that count. While it is important to measure how many people were reached by the campaign (output), it is even more important to measure how many have increased their knowledge (outcome).

Taking it to an even higher level, we should capture any attitude or behavioural changes triggered by the campaign.

delivery of their objectives is surrounded by uncertainty. A risk is an event or circumstance that may affect the achievement of expected results. Risks are closely related to results and should consequently be analysed against the results framework of a programme. Risks that are not identified or managed can seriously jeopardise the success of a programme. Risks management, therefore, entails openness and communication between the Fund Operators, project promoters, and the Financial Mechanism Office (FMO).

Because results and risks are closely related, sound results-based management entails active risk management, which is discussed in III.3.

6. How to measure results

In results and risk management, "quality at entry" is the key to obtaining quality in both results *measuring* and results *achievements*. This means that particular attention should be given to defining what we want to achieve, i.e. *relevant and realistic objectives* on all levels. This is described in further detail and illustrated with examples in section III.2.

Having identified clear objectives at each level of the results chain, we need to make sure that progress can be measured. Each outcome and its related outputs require one or more *indicators*. Indicators are a means to measure achievement, or to help assess a development. They must be specific, observable and come from reliable data. Indicators can be quantitative or qualitative, or both.

Knowing and describing the *baseline*, i.e. the present situation before an intervention begins, is essential to make credible and meaningful assessments on progress and achievements.

Without knowing the starting point, we cannot measure progress. Based on the *baseline value* of the chosen indicator, the *targets* are set, i.e. the level or value of the chosen indicators to be achieved by the end of a defined period.

7. Attributing results

A challenge for results measurement is establishing a causal link between a grant-supported initiative and an effect. This issue is generally referred to as the attribution problem, and is due to two main factors. Firstly, there is often a considerable time-lapse between the implementation of activities and the manifestation of effects on the intermediaries(s) and end beneficiaries. Secondly, other donors might have invested in the same programme area, which makes it difficult to assess the degree to which results achieved can be attributed to the interventions supported by the EEA and Norwegian Financial Mechanisms (FMs).

For example, if the respect for human rights increases in a country, this cannot be wholly attributed to an intervention funded by the FM.

Evaluations and research can demonstrate, or at least give an indication of how much of the result may be attributed to one intervention. We encourage Fund Operators to consider carrying out end-of-programme (ex-post) evaluations for every programme, to assess the contribution of the programme to the observed results. For this, it helps to think early about what data (evidence) you might need. See evaluation planning in section III.4.

8. The programme model of the EEA and Norwegian Financial Mechanisms 2014-2021

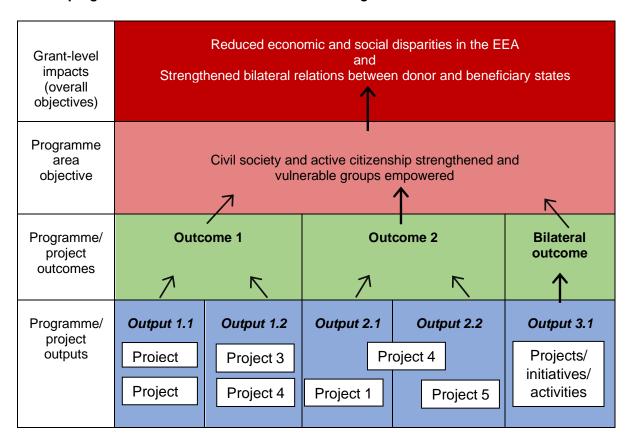


Figure 2: A schematic representation of the programme model (other project-level permutations are possible)

The EEA and Norwegian Financial Mechanisms (FMs) employ the programme model. A **programme** is a structure setting out a development strategy with a coherent set of measures to be carried out through projects² with the support of the EEA and Norwegian Financial Mechanisms 2014-2021 and aimed at achieving agreed objectives and outcomes.

In short:

- All programmes for civil society, the Active Citizens Funds, need to contribute to both overall objectives (impacts) of the EEA and Norwegian Financial Mechanisms 2014-2021:
 - o Reduced economic and social disparities in the European Economic Area
 - o Strengthened bilateral relations between donor and beneficiary states
- Each programme shall contribute to the programme area objective
- Each project belongs to a programme and may contribute to one or more programme outcomes. Each project delivers one or more programme outputs.
- Each programme shall include the common bilateral outcome

² A **project** is an economically indivisible series of works fulfilling a precise technical function and with clearly identifiable aims related to the programme under which it falls.

III. Results-based management through the programme cycle

General implementation rules and responsibilities of the actors involved in the Active Citizens Funds are defined in the Programme Implementation Agreement and in the Manual for Fund Operators of the Active Citizens Fund. In doing so, this Manual refers to the programme management cycle: how to integrate results and risk management into daily work, and how to fulfil the requirements of the Programme Implementation Agreement.

The programme cycle consists of the following main steps and related tasks, with the tasks covered in this annex underlined.

Programme preparation	Develop the results framework Prepare the concept note Develop a risk assessment and mitigation analysis Enter into programme implementation agreement
Programme implementation and follow-up	Identify potential projects Selection procedures Financial management Irregularities Conduct monitoring Report on progress and results Evaluate programmes Modify programmes
Programme completion	Submit final report

Programme preparation phase

The Memorandum of Understanding establishes the framework for cooperation and includes, inter alia, the identification of programmes, including their main focus and objectives, as appropriate. On the basis of the

Costs related to developing the concept note are regarded as programme preparation and are covered under the management fee.

allocation to the Active Citizens Fund in their country, and in cooperation with the FMO, the Fund Operators (FOs) develop a concept note defining the scope and planned results of the Active Citizens Fund. The concept note template can be downloaded at www.eeagrants.org. The concept note will build on the information provided in the bid the FO had submitted prior to being selected.

The Fund Operator, in close collaboration with the FMO, carries out stakeholder consultations by involvina the main relevant stakeholders in developing the **FMO** concept note. The as Programme Operator, and the Financial Mechanism Committee (FMC), assess the concept note and make comments on it. Any comment made by the FMO and the FMC shall be taken into account in the programme's further preparation, which shall result in the finalisation of a Programme Implementation Agreement.

Figure 3 shows a simplified flowchart of the programme development process – from the Memorandum of Understanding to the Programme Implementation Agreement.

1. Prepare the concept note

The concept note shall define the scope and planned results of the programme. It shall be drafted by the Fund Operator in cooperation with the FMO and in consultation with relevant stakeholders. including – where relevant – donor contact points and International Partner Organisations. The note shall include the justification and main features of the programme. It shall describe the expected

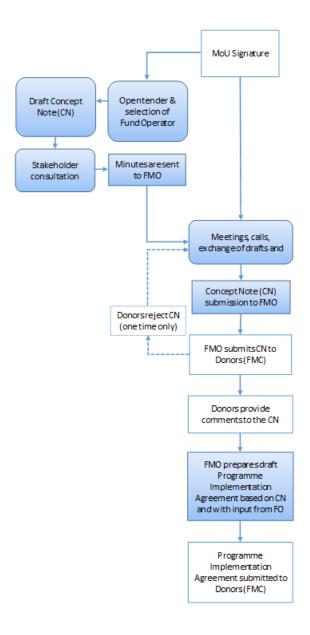


Figure 3: From the MoU to PIA

contribution towards the overall objectives of EEA and Norway Grants. It shall further outline

how Programme Area Specifics (from the Blue Book) are integrated in the planning and implementation of the programme. This note shall also include a tentative overall budget as well as any an overview and/or description of the programme's modalities (including predefined projects).

The concept note submitted to the FMO should not exceed 10 pages (including the cover page and annexes).

Stakeholder consultations

The concept note shall **not** be prepared as a desk exercise, but shall be based on meaningful participation by the main relevant stakeholders.

The first step towards stakeholder consultations is the mapping (identification) of stakeholders. This shall be done in cooperation with the FMO based on stakeholder categories relevant for the programme. Once the relevant stakeholders have been mapped, they need to be invited to participate in designing the programme/concept note. National Focal Points (NFP) will be consulted in the organisation of the stakeholder consultation meeting.

Stakeholders can be involved in programme design in various ways, through in-person consultation meetings, online consultations and/or stakeholder surveys. The consultation method will be tailored to the specific country case and facilitate the best possible ways to provide information to and seek inputs from relevant stakeholders.

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Stakeholder consultations

The Fund Operator shall involve the main relevant stakeholders in developing the concept note.

The design of the programme and the drafting of the concept note should be a participatory process, involving a wide range of stakeholders to reach a consensus. Stakeholders should be identified based on stakeholder categories relevant for the programme, then invited to participate in a workshop (or a series of workshops) where the problem/need is analysed, solutions discussed and agreed on. Such stakeholder consultation meetings will be facilitated by trained facilitators. A detailed outline of how

the stakeholder event will be facilitated will be developed by the FMO/the facilitator in close consultation with the Fund Operator.

In-person meetings/workshops can be supplemented by on-line consultations and/or surveys when the number of stakeholders exceeds the optimal number of participants in an in-person consultation (normally up to 50 people). These additional consultation methods can be helpful in reaching a broad range of participants in different geographic areas and target groups.

The conclusions of the stakeholder consultation(s) shall feed into the Concept Note, especially the results framework (programme objectives and indicators) part of it.

The objectives of the stakeholder consultation need to be clear and communicated ahead of the meeting(s). The general aim is to agree on the main problems to be solved by the programme and the possible solutions to those problems.

For more information on stakeholder consultations, see textbox on 'good practices'.

GOOD PRACTICES ON STAKEHOLDER CONSULTATIONS

General principles

- Participation: the most relevant stakeholders, including representative bodies are identified and consulted:
- 2. Openness and accountability: the consultation process and its relation to the concept note is transparent to all involved;
- Effectiveness: stakeholders are consulted at a time when their views can still make a difference; proportionality and specific restraints are respected.

Minimum standards

- A. Clear content: All communication and the consultation document itself are clear, concise and include all necessary information to facilitate responses;
- B. **Timing**: there is sufficient time for the invited stakeholders to prepare and participate in the consultation (a minimum of 2 weeks):
- C. **Feedback**: summary/minutes of the stakeholder consultation are sent to all participants.
- The FO produces and circulates a brief discussion paper and an agenda prior to the consultation based on templates provided by the FMO. The agenda and discussion paper are agreed with FMO. The discussion paper provides background information on the Active Citizens Fund in line with the applicable Blue Book text, outlines identified challenges and outcomes and poses key questions to be raised at the consultation meeting;
- Information from prior consultations may be used, but only where it can be justified as directly relevant to the programme (e.g. to the programme scope and objective, to its outcomes, activities, modalities, bilateral ambitions or target groups).

The report on the stakeholder consultation(s) includes the following information:

The process	 What was done in terms of consultation activities? Who was present and which institution/organisation did they represent? 	
The input	Who contributed? What are their views and concerns?	
Next steps	What are the next steps in terms of how the inputs from the stakeholders will be processed and integrated into the Concept Note?	

Programme description and justification

(a) Describe the problem/need the programme aims to address

The concept note shall clearly state and **describe the issue(s)** the programme aims to address:

- What is the problem/need the programme aims to address?
- What are the main challenges or barriers to addressing the problem/need?

The analysis of problems/needs guides the planning of programme activities. The identification of problems/needs is most reliable when undertaken in a participatory way, and when grounded on reliable evidence and research. It is important that Fund Operators take into account different groups and consider both general and group-specific problems/needs. For example, men and women often experience problems in different ways, as do people of various age groups, ethnicities and geographic locations.

As relevant, briefly describe how the issue(s) addressed relate to EU and/or national policies and identify any funding gaps connected to the issue(s).

(b) Describe how the problem/need will be addressed

A programme must be based on a clear understanding and specification of how any planned interventions are expected to lead to desired outcomes (solutions to the identified problem/need). This is often referred to as the intervention logic.

- What is the solution to the problem? How can the need be met?
- What are the expected/planned deliverables (outputs)?
- How will the outputs bring about the expected outcome(s)?
- How will the outcomes contribute towards fulfilling the Programme objective?
- How will the Programme contribute towards fulfilling the two overall objectives of the EEA and Norwegian Financial Mechanisms?

Any proposed solution to solving the identified problem/needs should explicitly address the underlying assumptions and risks. How does one know that the proposed solution might lead to the desired results? What evidence (experience from similar programmes, theory or research findings) underpins the programme design? Providing evidence for the likelihood of success greatly strengthens the concept note.

(c) Specify the target group(s)

The success of most interventions depends on the changed behaviours of stakeholders. But these stakeholders, or intermediaries, are not necessarily the ultimate beneficiaries of an intervention. For example, a local government entity (intermediaries) might adopt and implement a local climate change adaptation strategy as a result of our programme, but the end beneficiaries of this changed behaviour are local people and the local environment. For each outcome, the FO shall specify:

- Which actors (groups, institutions) will the programme work with <u>directly</u> (the intermediaries)?
- Who will ultimately benefit from the improved practices by the intermediaries (end beneficiaries)?

Target groups

Defining target groups should always be done from the point of view of a Project Promoter.

End beneficiaries: Individuals, groups or entities expected to reap tangible benefits of an intervention. All projects have end beneficiaries.

Intermediaries: Groups (professions or entities) the project seeks to influence in order to achieve results for the end beneficiaries. Not all projects work with intermediaries.

In some projects, such as service provision projects, some activities are delivered directly to the end beneficiaries. In those cases, no intermediaries are necessary.

Example A: In a programme focusing on Roma children's access to primary education, the implementing institution may be an educational NGO. The activities the NGO implements will be to convince the parents to send their children to school. At the same time, the supported NGOs may also try to influence local authorities or schools to put in place an incentive scheme for Roma children attending school.

In this example, the Roma children are the end beneficiaries of the programme, while the parents, the local authorities and the local schools involved in the programme are the intermediaries.

(d) Describe expected impact and sustainability

In this part of the concept note, you need to provide a short presentation of the expected (societal) impact of the programme. Later in the concept note, you will be asked to present a full results framework for the program.

You should also comment on how the expected results of the programme will be sustained beyond the funding period.

(e) Address the common values and principles

Describe how the programme will contribute to the common values and principles as referred to in Article 1.4 paragraphs 1 to 3 of the Programme Implementation Agreement.

In this section of the concept note, please refer to the specific mechanisms and safeguards the programme will have in place to ensure that programme design and implementation is done in harmony with the common values and principles, as appropriate.

(f) Describe the concept note preparation process

Describe **the process** leading to the programme concept note, e.g. stakeholder consultations, feasibility studies, etc. Remember that all steps in developing the concept note should involve the main relevant stakeholders.

Bilateral ambitions

The section shall describe how the programme will contribute to strengthening bilateral cooperation between civil society and other entities in the beneficiary country, and entities in the donor state(s).

For example, how will the programme strengthen bilateral cooperation (e.g. in the form of networking, exchange, sharing of best practice, transfer of knowledge and experience between civil society and other entities in the

Relevant entities in donor states (donor contact points) shall be informed already in the concept note stage.

beneficiary country and entities in the donor states) in areas of mutual interest? What are the main areas/fields in which the programme will promote bilateral cooperation? How will bilateral cooperation in these areas improve knowledge and mutual understanding between civil society and other entities in the donor and beneficiary states? How will bilateral cooperation at project level be facilitated?

The section shall, moreover, briefly describe any previous bilateral cooperation in the field, including in previous EEA and Norwegian Financial Mechanisms where relevant.

For guidance on how to integrate bilateral results in to the results framework, go to the section on Bilateral results and indicators in programmes (p. 18).

Further guidance on bilateral cooperation is provided in the Chapter 5.5 of the Manual for Fund Operators of the Active Citizens Fund and in the Civil Society Bilateral Manual.

Cooperation with international organisations

Fund Operators can skip this section of the concept note as it not applicable to Active Citizens Funds.

Modalities

The projects that make up the programmes are selected and implemented by way of various modalities. The modalities include calls for proposals, pre-defined projects, and different types of grants (e.g. grants of varying size, institutional and core grants etc.). The concept note shall provide a simple overview of the modalities to be included in the programme, including the estimated allocation of re-granting funds across Programme outcomes, and a justification for the proposed modalities (for example, how will the proposed types of grants help reach specific target groups, geographic areas and outcomes?).

In addition to the overview (in table form), the concept note shall include one annex per predefined project.

Annexes:

Pre-defined projects (PDPs)

Pre-defined projects are strategic projects that may require a longer implementing period than projects selected through open calls, and that aim to contribute to the overall civil society sector, build capacity and sustainability and address systemic issues. Pre-defined projects shall be aligned with the programme intervention logic, i.e. they shall have a clear link to the programme objective and one or more of the programme outcomes. Pre-defined projects may be proposed by the FO in the bid or agreed with the FMO after the selection of the FO. They are implemented by an organisation(s) selected on a competitive basis (which may be a civil society, private or public entity). In justified cases, a pre-defined project may be implemented by the FO.

This annex (one per pre-defined project) shall include the project title, a short description of the background and justification for the project (for example, what challenges and needs within

civil society in the beneficiary country does the project address?), an explanation of why it is necessary to pre-define this project, the objective and expected outcome(s) of the project (including specific references to the programme's results framework – the relevant outcome(s), outputs and indicators), a description of the benefits it will bring for the identified target groups, information on the proposed project promoter and possible project partner(s), an estimated budget and timetable for implementing the project. The description should also include the results of any prior stakeholder consultation and feasibility studies (if relevant).

Grant rate and budget

For guidance on budgeting, please consult Chapter 5.8 of the Manual for Fund Operators of the Active Citizens Fund.

2. Develop the results framework

A crucial part of the concept note is the results framework. In fact, in programme design, results frameworks are typically prepared first. They form the basis for the narrative text later. At the concept note stage, FOs are required to submit a somewhat simplified version of the results framework with additional elements to be finalised prior to entering into Programme Implementation Agreement.

A results framework is an explicit articulation (a summary in the form of a matrix) of the results expected from a particular intervention. The results specified typically comprise the longer-term objectives (predefined for the particular programme area chosen) and the outcomes and outputs that precede and lead to those longer-term objectives. The results framework shall capture the essential elements of the logical and expected cause-effect relationships among outputs, outcomes, and impact (programme area objective).

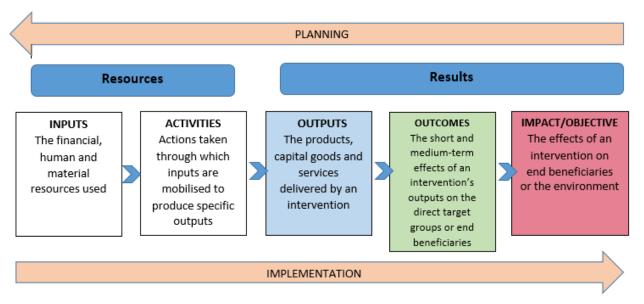


Figure 4: Results chain: planning vs implementation

Unlike implementation, which happens from the left to the right, designing a programme is done from the right to the left. In other words, one backtracks from the impact through outcomes to outputs and activities. The impact-level objective is pre-defined for each programme area. Rotating *Figure 4* 90 degrees counter-clockwise turns it into a simplified results framework – Figure 5.

	Expected programme results
Impact/Objective	
Outcome 1	
Output 1.1	
Output 1.2, etc.	

Figure 5: Simplified results framework

(a) Define programme outcome(s)

Outcomes are the short and medium-term effects of an intervention's outputs on the intermediaries or end beneficiaries. Outcomes are not under the direct control of a programme/project.

An outcome statement shall:

- use a <u>verb</u> expressed in the past tense, such as 'improved', 'strengthened' or 'increased', in relation to a process or institution.
- contain only one goal
- be formulated as an end state (not as a process)

An outcome statement shall avoid phrases such as 'improved through' or 'supported by means of' – the mechanism of change should, instead, be evident from the outputs planned to achieve the outcome.

A single programme should normally not have more than four outcomes. For the Active Citizens Funds, a menu of suggested outcomes has been developed (see Annex 2 <u>Guidance on Outcomes and Indicators</u>). FOs may use the menu when designing their results framework. For rules on bilateral outcome, see the section Bilateral results and indicators in programmes (p. 18).

(b) Define outputs for each outcome

Outputs are the products, capital goods, and services delivered by an intervention. They must be achieved with the resources provided and within the time frame specified. Since outputs are the most immediate results of programme/project activities, they are usually within the greatest control of the implementing organisation. It is important to define outputs that are likely to make a significant contribution to the achievement of the outcomes. There needs to be a logical link between the outputs and the corresponding outcome. No common outputs have been defined for the Active Citizens Funds. Outputs should be developed in consultation with the FMO. For information on bilateral outputs, see the section Bilateral results and indicators in programmes (p.18).

Outputs generally include a <u>noun</u> that is qualified by a *verb* describing positive change. For example:

Study of civil society sector's contribution to social capital and employment completed

- <u>Police</u> trained in understanding gender violence
- Local government staff trained in participatory budgeting methodologies

Table 2: Examples of outputs

Weak/bad output	Why is it weak/bad?	Better formulated output
Assistance	Not specific enough	Will depend on the
		programme. For example, could be:
		Pro-bono legal aid sessions provided
Law on minority representation	Not within the sphere of control	Depends on the intervention
passed	of the programme - this is an	logic. Could be:
	outcome, not an output	
		Written input to the draft law on minority representation submitted

(b) Develop indicators for each outcome and output

Indicators are quantitative or qualitative variables that specify what is to be measured along a scale or dimension. They describe the way to track the intended results and are critical for monitoring and evaluation. Good, relevant indicators are a critical part of the results framework.

Indicators can be either quantitative or qualitative.

Quantitative indicators are variables that measure results in one or several of the following terms:

- Annual number
- Average
- Level (on a predefined scale, such as 1-7)
- Number
- Percentage
- Rate (example: tuberculosis rate per 100,000 population)

Qualitative indicators reflect people's judgements, opinions, perceptions and attitudes towards a given situation or subject. They can include changes in sensitivity, satisfaction, influence, awareness, understanding, attitudes, quality, perception, dialogue, or sense of wellbeing. Most qualitative indicators can be expressed in quantitative (numerical) terms (Proportion of people/ employees/ group who ex press high level of satisfaction with..., etc.).

When submitting updates on achievements of indicators that use percentage as their unit measurement, Fund Operators should submit (to the extent they have access to this data) the numerator and the denominator used to arrive at the percentage. The information system will calculate the percentage automatically based on these.

Formula:

where.

$$\begin{array}{ccc}
\hline
2 & N \\
\hline
4 & D
\end{array}$$

Binary indicators denote the presence or absence of the measurement variable with a simple 'yes' or 'no'. For example, 'paternity leave provision included in the parental leave policy' could be an outcome indicator where the reported value is simply 'yes' or 'no'.

A minimum of one indicator per outcome or output is required, but normally, you will need to develop a set of different indicators to measure a concept, especially at the outcome level. Few, but relevant indicators are better than many, but less relevant indicators.

Output indicators measure the quantity and quality of goods or services purchased, supported or delivered directly by the programme (and its projects). They measure the progress of programme implementation and can be used for accountability of programme funding – they show what has been directly supported or purchased via the programme's activities and funds. Output indicators normally begin to show a value other than zero early on in the programme implementation phase.

Outcome indicators, on the other hand, may take some time to show any change due to the time lag required to see the effects of the outputs purchase/delivered/produced.

Units of measurement

To avoid any confusion about what is being measured, the results framework template (in the Programme Implementation Agreement) requires you to make explicit the unit of measurement for each indicator. Examples of units of measurement are: number of people, percentage of people, level of satisfaction on a scale of 1-5, etc.



An indicator should be expressed in neutral terms, not indicating the direction of change (increase or decrease), nor embedding a target.

For example, "An increase of 30% in the percentage of domestic violence cases prosecuted," should be reformulated to "Percent of domestic violence cases prosecuted." The direction (increase) will be evident from comparing the baseline (25%, for example) with the target (32.5%, for example).

One of the available mnemonic tools for assessing the quality of indicators is **CREAM**:

Clear: indicators should be precise and unambiguous

Relevant: indicators should be appropriate for the concept they are measuring

Economic: indicators should be able to be obtained at a reasonable cost

Adequate: indicators should provide sufficient information on performance

Monitorable: indicators should be amenable to independent validation

Disaggregating indicators

Indicators measuring average values are useful for measuring the overall progress of a country or an intervention, and for comparing the general situation in certain sectors and countries. However, average values tend to mask significant differences between socioeconomic groups and geographical regions, as well as gender disparities. As far as possible, therefore, indicators should be disaggregated.

Relevant indicators shall be disaggregated by: sex, age, and minority status, as appropriate. Appropriateness will vary by programme area. For example, indicators in projects targeting inter-generational cooperation will need to capture age, while a project on citizen participation in environmental protection would not necessarily do so.

For rules on bilateral indicators, see the section Bilateral results and indicators in programmes (p. 18).

Core indicators

For the 2014-2021 EEA and Norwegian Financial Mechanisms, some core indicators have been developed to be tracked wherever relevant. Core indicators measure aggregated results for specific areas



Programmes shall use indicators from the list of core indicators whenever relevant. The full list of core indicators is available in Annex 2.

of high political interest for donors. They will be used by the FMO when reporting to donors. A core indicator can be sector-specific or cut across sectors. A core indicator shall always be used with its standard wording and shall be used by programmes where it is relevant to use.

Suggested outcome indicators

Suggested outcome indicators have been developed for the Active Citizens Funds. These shall be used wherever relevant, i.e. they shall follow the selected common outcome chosen. FOs can add other relevant outcome-level indicators, if needed. Keep in mind that the more indicators a programme has, the greater the monitoring burden.

Milestones

Milestones are key steps in the programme which have to happen before implementation really gets underway. The use of milestones, where relevant, can help track programme implementation. Milestones can also highlight key risks which need to be taken into account in risk planning and management.

Most programmes, for example, include open calls for projects. One milestone associated with open calls is that the projects have been selected. In a programme which includes public procurement processes, a milestone could be that all the procurement contracts are signed, or all the procurement processes are complete.



FOs shall draw up a list of major milestones for their programmes and submit them to the FMO (as part of the implementation plan) prior to signing the programme agreement. They shall report on and update the milestones through the Annual Programme Report and/or Interim Financial Report.

Bilateral results and indicators in programmes

Each programme shall contribute to both objectives of the 2014-2021 EEA and Norwegian Financial Mechanisms. This entails that the results framework for each programme covers the results of bilateral cooperation. In each programme, the FO – if possible in cooperation with the donor contact point – shall include the **common bilateral outcome** ('Enhanced collaboration between BS and DS entities involved in the programme') and define the output(s) for it. For the outcome and each output, the FO should define indicators.

A donor contact point will be in place to strengthen bilateral relations between civil society in the Donor States and the Beneficiary States. Their role will be to facilitate and support the preparation and implementation of bilateral cooperation under the Active Citizens Funds.

A list of bilateral outcome indicators is presented in <u>Annex 2.</u> Any/all of these shall be included in the results framework when relevant.

The FO may add other bilateral outcome indicators, if necessary.

An indicative, but not exhaustive, list of bilateral output indicators is also presented in <u>Annex</u> <u>2</u>. The FO may use them as appropriate, in addition to adding other relevant bilateral output indicators.

Keep in mind that the more indicators a programme has, the greater the monitoring burden.

(c) Assign a baseline value and target value for each indicator

The **baseline** is the situation before the start of an intervention – the reference point for measuring change. **No baseline values are required for output indicators, as all of them should automatically be set to zero**. This way, the programme only measures and reports on the products and services (outputs) delivered during the implementation period.

It is a requirement to provide baseline values for all outcome indicators, as appropriate. FOs must first ascertain if secondary data that provide information about the situation are already available. If this is the case, there is no need for separate data

Expenditure related to collecting baseline data is eligible under the programme management fee.

collection. Oftentimes, governmental statistical agencies, local government units, universities, and other civil society organisations produce administrative date, reports and evaluations relevant to the Active Citizens Funds. This secondary data should be used whenever possible. If the available data does not measure the variable set forth in your outcome indicators or measures it at a different level (national vs. local, for example), FOs will most likely need to conduct (or commission) a baseline study.

If baseline data exist prior to the start of a programme, additional data collected over the life of the programme must be collected in a consistent manner in order to facilitate comparisons. For example, consider the drop-out rate for girls 16 and under. If baseline data are obtained from the Ministry of Education, the programme should continue to collect these data from this same source, ensuring that the data collection methodology remains the same.

The Fund Operator shall to provide baseline values for all outcome indicators, as appropriate. If not available prior to the start of the programme, baseline values may be collected by the deadline specified in the Programme Implementation Agreement.

Targets are specific indicator values to be attained within a specific period (normally from programme start to final year). They serve as guiding posts for gauging whether implementation is proceeding as planned. Setting targets for indicators has often been identified as one of the main challenges in results-based management.

A natural tension exists between the need to set realistic targets and the value, from a motivational perspective, of setting targets ambitious enough to ensure that staff and stakeholders will stretch to meet them; when motivated, people can often achieve more than they imagine.

Table 4: Examples of targets

Indicator	Baseline	Target	What's wrong?
Rate of employment among women	570 876	700 000	Baseline/target not in same unit of measurement as indicator
Percent of Roma in Region X with at least secondary education	18%	100%	Target is unrealistic.

Targets can be based on:

- 1. *Historical trends*: What pattern of change has been evident in the past five to ten years on the performance indicator? Is there a trend, upward or downward, that can be drawn from existing reports, records, or statistics?
- 2. **Expert judgments**: Another option is to solicit expert opinions as to what is possible or feasible with respect to a particular indicator and country setting. Experts are knowledgeable about the programme area and local conditions. They will be familiar with what is and what is not possible from a technical and practical standpoint.
- Research findings: Similarly, reviewing literature, especially research and evaluation findings, may help in choosing realistic targets. In some programme areas, extensive research findings on development trends are already widely available.
- 4. **Stakeholder expectations**: It is also useful to get input from stakeholders regarding what they want, need, and expect. What are the expectations of progress? Intermediaries can be especially useful in developing realistic targets.
- Achievement of similar programmes: Benchmarking is the process of comparing or checking the progress of other similar programmes. It may be useful to analyse progress of other agencies and partners, to understand the rate of change that can be expected in similar circumstances.

3. Develop a Risk Assessment and Mitigation Analysis

Before entering into Programme Implementation Agreement, a <u>Risk Assessment and Mitigation Analysis</u> must be developed and agreed upon. This section provides guidance on how to develop such a plan. The <u>Risk Management Strategy</u> further outlines the principles, responsibilities and process for managing risk.

Taking a closer look at the results framework, we can see that the cause and effect relations between outputs and outcomes, and between outcomes and programme objective (impact) are conditional. If all holds well, we can expect that we will get the results that we want at the end. This means that we (implicitly) make a number of assumptions.

A **risk** is an event or circumstance that may negatively affect the achievement of expected results. An **assumption** is a condition necessary for the success of a programme. An assumption is a positive way of describing a risk, and a risk is a negative way of describing an assumption. For example, consider a risk in a programme providing training to judges.

Risk = Judges may not be interested in attending training.

Assumption = Judges will be interested in attending trainings.

Assumptions and risks can be internal or external factors. Internal factors are those we have under control. External factors are influences from outside of our control on the programme.

(a) Identify risks

The results framework template can help you identify the risks and the assumptions you make at each level of the results framework.

Below is a simplified illustration of how to identify assumptions/risks using the results framework.

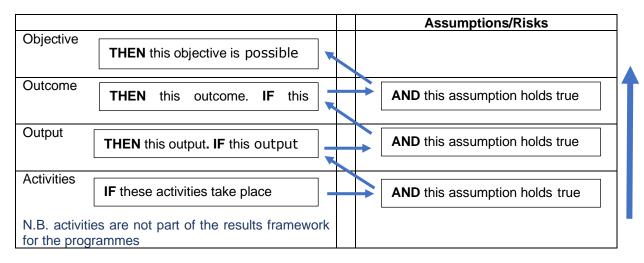


Figure 6: Analysing assumptions/risk using the results framework

Starting at the bottom of the results framework:

 Which assumptions have you made that might affect the production/delivery of a particular output? What are the risks that might arise if those assumptions do not hold true?

- Which assumptions have you made that might prevent the outputs from having the desired effect (outcome) on the intermediaries? What are the risks that might arise if those assumptions do not hold true?
- Which assumptions have you made about the expected outcomes that might have consequences on your contribution to the programme objective? What are the risks that might arise if those assumptions do not hold true?

(b) Categorise risks

Once the risk have been identified and formulated, place them in the mandatory <u>Risk Assessment and Mitigation Analysis template</u> according to the category to which they belong: programmatic or operational. Table 4 provides a description of the types of risks that fall into each of the two categories. The list is not exhaustive, nor will all programmes have all of the types of risk listed.

List each risk on a separate line. Risks should be described in concrete terms. For example, instead of listing 'human resources' as a risk, you should describe what about the human resources might negatively affect the programme objective, such as 'lack of adequate staffing'.

It is not necessary to list all the risks identified. Instead, focus on the risks which you deem to have the highest likelihood/consequence.

Table 4: Risk categories

Programmatic risks

Risks related to inadequate programme/project strategy or processes, technological issues, obtaining permits, and/or lack of time for proper implementation.

Risks related to the influence of policy/legislation (or the lack thereof), or of the political and economic situation on the implementation of the programme/projects.

Risks related to improper strategies put in place to reach the bilateral objective, including using bilateral funds, and actively involving donor state entities (donors contact point).

Operational risks

Risks related to the systems to monitor, measure and communicate results, and/or the FOs' ability to attract, develop and/or retain the right staff in adequate numbers.

Risks related to the deviations from key fiduciary principles of: economy, efficiency, effectiveness, integrity, openness/ transparency, fairness and accountability. Includes risks related to improper or poorly defined procedures or excessively burdensome controls. Also includes risks related to favouritism, including in selection processes (open calls and public procurements).

(c) Analyse and score risks

For each programmatic and operational risk, the likelihood of its occurrence as well as the potential consequence should be determined. The risk level is the combined assessment of the likelihood that risk factor is realised and the consequence of the realised risk. The Active Citizens Funds shall use a four-level scale of likelihood and consequence as indicated below.

Table 5: Risk scoring

		Scores			
Criteria	n/a	1	2	3	4
Likelihood of occurrence	n/a	Very unlikely	Unlikely	Likely	Almost certain
Consequence for programme outcomes		Minimal	Moderate	Serious	Very serious

Risk rating is perception based, and often involves subjective judgement. As far as possible, the rating should be based on the analyses on evidence, facts and objective data. It is useful to check and/or discuss the rating with others.

When analysing and scoring *consequence*, it is important to evaluate how significant each risk can be to the achievement of the expected results, e.g. to what extent the risk may cause that the whole programme to fail.

Analysing and prioritising risks is a forward-looking exercise. The initial risk assessment should take into account the entire period of the agreement. However, for each subsequent update, risk assessment shall focus on the upcoming year.

The Risk
Assessment and
Mitigation Analysis
shall be updated
once a year, to be
submitted together
with the Annual
Programme
Report.

Based on the chosen likelihood and consequence, the Risk

Assessment and Mitigation Analysis template will automatically calculate the overall score for each risk. The template includes automatic colour coding, helping you visually assess the risks you have identified and scored. The colour coding scheme is also known as the 'heat map'.

If a particular risk has an overall score of 4 (almost certain likelihood and very serious consequences), the Fund Operator should consider whether the programme needs to be redesigned in a way that decreases either the likelihood or the consequences of that risk.

(b) Choose and describe risk response

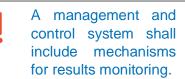
The next steps define and describe which type of risk response to implement. There are four main strategies to consider:

- Avoid/Terminate: Redesign or terminate (parts of) the programme or project. For instance, suspend payments in order to clarify issues that may represent risks.
- Transfer/Share: Share risk with other partners/funders, pass the impact of the risk to a third party.
- Accept: Accept the risks without any mitigating actions, but monitor and manage if the
 risk level increases. Taking risk is sometimes necessary e.g. in order to reach
 important policy objectives (the consequences of not taking the risk may be higher than
 the consequences of not doing anything), or because the mitigating actions required
 to reduce the risks are not cost-effective. Accepting major/critical risks should always

- be documented and justified, discussed in a frank and open manner between the Fund Operator and the FMO. It is typically low-level risks one would choose to accept.
- Mitigate: measures and actions to reduce likelihood or consequences. This is the most common risk response, especially with major risks. Mitigating actions are defined as concrete activities required to reducing either the likelihood or the consequences of a specific risk. Mitigating actions should always be related to the specific risk they are intended to address, and must not be presented in general terms.

Risk management

As risks are potential threats to the achievement of planned results, Fund Operators need to pay careful attention to the risks identified in the programme development stage. Mitigating measures should as far as possible be incorporated in the regular work plans of the



programmes or projects. This way, risk management can become part of the daily working routines. In parallel to the monitoring of progress towards results, changes or modifications in the programme's environment may lead to new risks arising, or to major risks disappearing. If any new risks are identified, or changes in circumstances occur, then these must be reassessed and added to the Risk Assessment and Mitigation Analysis submitted in the Annual Programme Report and to work plans/budgets.

Managing and monitoring risks in a systematic, methodological way ensures that we are concentrating on the most important risks (not too many, not too few), and that the work to reduce these risks is kept up to date.

4. Enter into programme implementation agreement

On the basis of the concept note and the donors' comments to it, the FMO shall prepare a draft programme implementation agreement setting out the terms and conditions of the programme, as well as the roles and responsibilities of the parties.

At this stage, an implementation plan and timeline including, but not limited to, a risk assessment and mitigation analysis, indicative plan for bilateral cooperation and regional civil society initiatives for the first year and a communication plan will be requested in order to finalise the programme implementation agreement.

The process leading to a draft programme implementation agreement shall address all comments provided by the donor states, and discuss and clarify all issues regarding the operation of the programme. Once all issues are agreed upon, the finalised draft Programme implementation agreement will be submitted to the donor states. The donor states might reject the programme in cases where a mutual agreement has not been reached. When approving the programme, the donor states may decide to set conditions and/or require modifications to the draft programme implementation agreement.

Programme implementation phase

5. Identify potential projects

The programme model is designed to better focus efforts and to ensure more targeted support. Fund Operators are tasked with awarding funding to projects under their programmes.

Programmes need to be 'populated' by projects. This can be done in two ways:

- Through open calls
- Through pre-defined projects (in justified cases, and in agreement with the FMO)

Pre-defined projects shall be identified in the concept note.

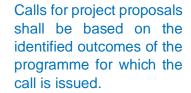
Calls for proposals

Calls for proposals are issued by the Fund Operator, and content, form and publication shall comply with the requirements listed in the Programme Implementation Agreement and Civil Society Manual. The calls shall specify eligible applicants and possible project partners, include detailed selection criteria (administrative, eligibility and evaluation criteria), be widely publicised and allow ample time for proposals to be submitted.

Calls for proposals shall include the relevant parts of the programme's results framework and explicitly state which outputs the projects are to deliver and which indicators they are to report against. The call text and the subsequent project contracts with the selected project promoters shall include a provision that the selected projects report on results achievement based on outcome indicators from the results framework in the programme implementation agreement.

It is the Fund Operator's responsibility to ensure that the individual projects selected under a

programme contribute to reaching the *outcome(s)* of the programme. The call text shall be shared with the FMO no later than two weeks prior to the scheduled launch for the call. The FMO may request modification of the call text in order to ensure compliance with the Programme Implementation Agreement and this Manual. The FMO notifies the Fund Operator no later



than one week before the scheduled launch of the call of any suggestions or recommendation for improvement.

Registering projects with the FMO

For each approved project, the Fund Operator shall be responsible for providing the information requested by the FMO. The Fund Operator shall submit specific project information:

- no later than 15 calendar days after the signing of the project contract;
- no later than 15 calendar days after amendments in projects or revision of project information.

It is the FO's responsibility to ensure a good quality of the data transmitted via the information system. Fund Operators shall:

- ensure that correct information about calls, projects and achievements is submitted in a timely manner;
- conduct periodical checks of the information previously submitted and submit any necessary updates.

6. Conduct monitoring

Capturing results is not only important for transparency and accountability but also to ensure continued success and to enable learning. This makes it possible for all involved parties to learn along the way and make adjustments when needed.

Monitoring types and approaches

FOs should not only be concerned with asking 'Are we taking the actions we said we would take?' but should also ask 'Are we making progress on achieving the results that we want to achieve?' In practice, this means that the FMO and Fund Operators should employ not only compliance-based monitoring, risk-based monitoring, but also place a strong emphasis on results-based monitoring.³

Compliance-based monitoring (administrative and on-the-spot verifications) entails implementation, compliance and finance-based tracking. This type of monitoring reviews the use of allocated funds to ensure that financial resources are in line with activities which were planned to achieve certain results. This approach answers the questions 'Did they do it? Did they mobilise the needed inputs? Did they carry out the agreed activities? Did they deliver the intended outputs?' It is important to establish a monitoring or control system to check whether money designated for planned activities is indeed being used for those. For more information please see the Civil Society Manual Chapter 9.2 on financial verifications. This approach does not, however, provide the Fund Operators or project promoters with knowledge about the success or failure of that particular project or programme.

Risk-based monitoring entails focusing more on those programmes/projects which pose a risk. Risks could stem from the fact that there is some element of non-compliance, or because there is a risk that intended programme/project results will not be achieved. This monitoring, review of strategies and actions taken by partners and other stakeholders, helps to determine if actions need to be taken to

Monitoring, reporting and evaluation

Monitoring is 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.

Reporting is the presentation of monitoring information. Reporting takes place at different levels, involves different actors and follows various cycles. Project promoters, Fund Operators and the FMO are all reporting. Some reports are made accessible to the general public.

Evaluation systematic, is а independent objective and of design, assessment the implementation and/or results achieved in programmes and projects with the aim of determining relevance. coherence. consistency, effectiveness. efficiency, impact and/or sustainability of the financial contribution.

None of the above should be confused with audits, which are systematic appraisals providing assurance on any of the following: the legality and regularity of expenditure; whether funds have been used efficiently, economically, and effectively; whether management and control systems were designed in compliance with regulatory requirements, are proportional, and are operating effectively.

³ All three types of monitoring should also be cross-referenced in the management and control system description.

ensure progress toward the most important outcomes.4

If monitoring reveals that a programme/project is not on track with implementation progress or financing as planned, discussions surrounding the difficulties should be held with the FO, FMO, project promoter, partners and stakeholders and recommendations should be made during the monitoring exercise to rectify the problem. Fund Operators/project promoters should take actions to modify the project plans as necessary, within the scope of the framework of the Programme Implementation Agreement and project contract, in order to get the project back on track toward a successful outcome and to achieving results as planned.

Results-based monitoring is designed to answer the question 'So what?' and takes implementation monitoring a step further. With this type of monitoring one can answer such questions as: 'What have been the results of the programme/projects for its intermediaries and end beneficiaries? What is important about the fact that outputs have been generated? Have the objectives of the programme/project been achieved via the outcomes? What is the perception of change among stakeholders? How have partnerships been successful (or not) in achieving the desired outcomes?' This type of monitoring gives the FMO, Fund Operators, and project promoters important feedback on the extent of progress as well as the intended results.

Monitoring planning and tools

Project promoters implement projects and they report on the implementation to the Fund Operators. The Fund Operator subsequently reports to the FMO via the Annual Programme Report. The FOs are responsible for monitoring the overall implementation of all projects within the programme portfolio.

Several standard tools should be used by the Fund Operator for carrying out monitoring. Some

key tools are outlined in the following section below. While the main tools cited here are typical monitoring methods, we encourage frequent and regular flow of information between project promoters and Fund Operators. This is even more important when projects are undergoing difficulties in implementation, and require more frequent checks (monitoring). Telephone calls can be an excellent tool for remaining in closer contact, especially if coupled with additional reporting (with shorter, more pointed reports on the critical issues). This type of monitoring helps resolve bottlenecks in a timely manner by the FO.

Fund Operators shall conduct annual monitoring of a sample of projects, selected based on risk assessment and including random samples.

It is important to remember that follow-up actions must be taken as soon as possible when projects or programmes deviate from plans and timelines. Making use of the tools is important, but expediting the follow-up actions by concerned stakeholders is equally important.

Monitoring plans

As noted in Chapter 8 of the Programme Implementation Agreement and Chapter 6 of the Civil Society Manual, the system for verification, audit and monitoring should be included in the management and control system description of the Fund Operator, which shall be submitted to the FMO 3 months from the approval of the programme. The system for monitoring should already take into account the requirements of a monitoring plan, which shall

⁴ Excerpts related to Implementation Monitoring and Results Based Monitoring are adapted from "Ten Steps to a Results-Based Monitoring and Evaluation System"; Kusek and Risk; the World Bank; 2004.

be later presented as part of the Annual Programme Report. A suggested monitoring plan template is provided in Annex 6.

Monitoring Tools

1. On-site monitoring visits

On site monitoring visits are important monitoring tools, particularly since the monitoring takes place in real time. A site visit is important particularly when projects are perceived to be at risk. However, site visits are also good opportunities for frank discussions among stakeholders regarding progress and planning.

The aim of the monitoring visit is to:

- a. discuss project results with relevant stakeholders, based on the initial plans⁵:
- b. discuss other issues of project implementation and risks to successful completion;
- c. consider risk mitigation measures;
- d. ensure that adjustment to the projects or programme are discussed, such that results can be attained as planned.

⁵ Stakeholders in a project or programme may be local community members or civil society organisations who may benefit from the results. They may also be local public authorities. It is important to include beneficiaries of the results during monitoring, in order to ensure that results are achieved in targeted communities.

On-site monitoring visits can be merged with on-the-spot verifications. For more information please see the Civil Society Manual section 9.6.4 on verifications.

After the site visit is carried out, the monitoring agent should draft a short report to record what areas of the project or programme have been checked and to list any areas for improvements or modifications. A suggested template for reports from on-site monitoring visits is available in Annex 7.

2. Review of periodic reports from Project Promoters

For the Fund Operator, the review of period reports submitted by PPs is an important monitoring tool. Those reports provide an overall picture of how the projects are implemented and should indicate significant progress toward the planned results. If the management or implementation is not advancing as planned, it will be

Recommended criteria for choosing on-site monitoring visits

- 1) Projects which have a significant impact on the overall objective of the programme should be monitored at least once during the life of the project implementation.
- 2) Projects or programmes considered of interest to multiple stakeholders should be monitored to learn more on-site regarding project results. Projects or programmes which are particularly innovative should be checked at least once during the implementation cycle.
- 3) Projects exceeding a certain pre-established euro value should be monitored at least once during the lifetime of the project implementation.
- 4) Programmes/projects deemed to be at high risk should be monitored and scheduled for a site visit as soon as possible.
- 5) For large programmes, those with 30 or more projects, a certain number of projects should be selected for monitoring via a site visit on a random basis. The FMO recommends that each year, a minimum percentage of projects within a programme is monitored on a random basis (such as 5-10%), to ensure the smooth running of the projects.

imperative to discuss and implement solutions, so that the project can get back on track.

3. Review of financial reports from Project Promoters (administrative verifications)

When reviewing the financial reports for projects, and as part of results-based monitoring, Fund Operators should review the stated progress of the project and check whether progress is going according to the implementation plan established at the outset. If substantial deviations occur, the Fund Operator should discuss the deviations with the relevant implementing organisation and encourage the project manager to implement corrective measures accordingly and as soon as possible.

4. Telephone 'meetings' or project meetings at the Fund Operator's offices

Telephone or office meetings, which are less structured than on-site meetings, are also important monitoring tools. Such meetings are less formal, but nonetheless provide valuable opportunities for learning of project or programme updates. Notes from such discussions should be kept on file with the project documents, and follow-up measures should be taken as necessary, depending on the conversation or meeting conclusions.

Programme modifications

Monitoring can uncover information which calls for modifying the programme. It is possible to make modifications under certain circumstances. Keep in mind, however, that any revision to the outputs, outcomes, indicators or targets need to harmonise with the overall intervention logic, so that the cause-and-effect chain is not broken. These modifications are subject to approval by the FMO and can only be done in consultation with the FMO.

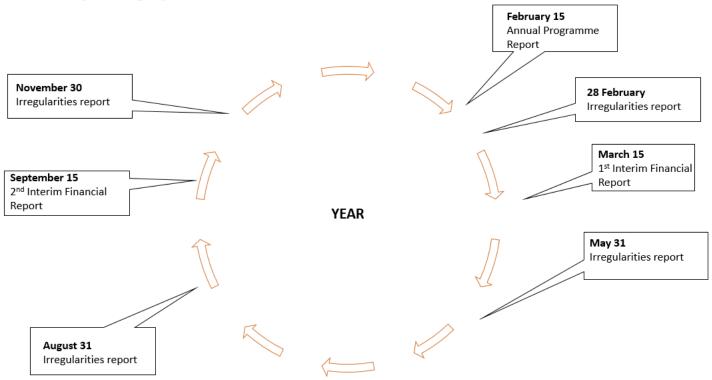
7. Report on progress/results

There are several types of results-based reports:

- Annual Programme Reports (APR) The main purpose of the Annual Programme Report (APR) is to report on the implementation progress and achievements in each programme during the preceding calendar year. Reporting on output and outcome achievements shall always be directly related to the latest approved version of the results framework. The APR is due on 15 February.
- Interim Financial Reports (IFR) IFRs are to be submitted twice a year (15 March and 15 September). The September IFR requires the FOs to provide information on progress towards achieving outputs and outcomes, as well as milestones. This provision will normally only be applied once the projects are up and running (see explanation on staggered reporting on the next page).
- Project-level information (PLI) Information on project achievements and their contribution to the programme's outcomes and objective shall be submitted to the FMO once a project has been finalised.
- **Final Programme Reports (FPR)** Final Programme Reports shall cover the entire programme period and account for the results, with a focus on outcome-level results and other tangible benefits to the beneficiaries of the programme. The Final Programme Reports will be published.

The reporting cycle shows the different types of reports through the year:

Reporting cycle



In the 2014-2021 EEA and Norwegian Financial Mechanisms, a **staggered reporting approach** has been introduced for the Annual Programme Reports, whereby only what is really needed in that calendar year is requested. That means, for example, that FOs may not be required to provide information on outcome and output achievements in the first year(s), when the programmes are only organising and launching open calls. Once the projects are up and running, reporting on output, and subsequently outcome, achievements will be added to the APR.

(Annotated) templates for annual programme reports will be made available to each Fund Operator at least 6 months prior to the report being due. Fund Operators are required to use these templates.

8. Evaluate programmes

Evaluation is 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, consistency, effectiveness, efficiency, impact and/or sustainability of the financial contribution.

A key distinction between evaluation and monitoring is that evaluations are carried out by an independent person or organisation, not involved with project or programme implementation. Evaluations are also more rigorous than monitoring in their procedures, design and methodology, and generally involve more extensive analysis. This analysis leads to learning. This learning should be shared with partners and other stakeholders, using the knowledge to inform and improve future decision-making.

Table 5: Comparison between monitoring and evaluation ⁶

	Monitoring	Evaluation
Timing	Continuous	Periodic: at important milestones such as the mid-term of programme implementation; at the end or a substantial period after programme conclusion
Depth	Keeps track over a fairly short term; oversight; analyses and documents progress	In-depth analysis; Compares planned with actual achievements
Focus	Focuses on inputs, activities, outputs, implementation processes, continued relevance, risk, likely results	Focuses on outputs in relation to inputs; results in relation to cost; processes used to achieve results; overall relevance and coherence/ consistency with national strategies or plans; impact; and sustainability
What is learned?	Answers questions related to what activities were implemented and which results were achieved	Answers questions related to why and how results were achieved. Contributes to building theories and models for change
How is learning used?	Alerts managers to problems and provides options for corrective actions (risk management)	Provides managers with strategy and policy options
Internal or external assessme nt?	Normally a self-assessment by programme managers, public agencies, community stakeholders, and donors. External consultants may be engaged to carrying out monitoring activities as well.	Analysis by external evaluators.

⁶ Sources: UNICEF and WFP.

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Evaluation types and approaches

One normally distinguishes between *formative* and *summative* evaluations. While the learning aspect is in focus in a formative evaluation, a summative evaluation is mainly undertaken for the purpose of accountability (control). Evaluations will normally have both summative and formative characteristics.

Evaluations are primarily backward-looking *(ex-post)* and focus on activities that have been concluded. They may, however, also be performed for ongoing activities of the Active Citizens Funds, such as in *mid-term programme evaluations*.

An evaluation of high quality is based on facts, reliable data, and/or observations. For the sake of transparency, the results should be publicly accessible, not least to enable others to check facts and the soundness of the analysis. Relevant stakeholders in both the beneficiary state and the donor states should be identified, in coordination with the FMO, and consulted in connection with the evaluation and its implementation, including in the formulation of the Terms of Reference (ToR) and through comments to the draft evaluation report. Evaluations shall be impartial and provide a balanced view of strengths and weaknesses. In so far as different parties have conflicting views, the evaluation report should reflect and acknowledge these.

To ensure the greatest possible objectivity, the consultants conducting the evaluation shall not have been involved in the planning or implementation of the intervention being evaluated, nor shall they have been involved in the activities which are being evaluated, or have any personal interest in the conclusions.

Evaluation criteria

Defining the purpose of the evaluation is the most important task in the evaluation process. The evaluation purpose should be formulated in a way that specifies how the information from the evaluation is to be used.

Will it be used to help steer a programme more effectively in the future? Will it be a tool which can help understand what went right/ wrong and how one can improve in future programmes in a specific area, such as: programme management, intervention logic, improved ways of working with civil society and its partners?

There is a high degree of international consensus with respect to criteria to be applied in evaluations. Keep in mind that **not all of the criteria need to be applied to all evaluations.**

Standard Evaluation Criteria

Relevance: is the programme relevant in relation to donor states' goals, strategies and policies? Is the intervention relevant in relation to the beneficiary state's needs and consistent or coherent with its priorities? Is it relevant in relation to the issue it seeks to address?

Effectiveness: to what extent were the results of the programmes achieved, or expected to be achieved? What outcomes were achieved and where is the evidence of greatest achievement?

Efficiency: can the cost of the intervention be justified by the results? In the programme under evaluation, how do costs related to achievement of results compare with similar programmes funded by other donors, or in other countries?

Impact: what are the positive and negative long-term impact(s) of the interventions, direct and indirect, intended or unintended? It is important to note that in many cases, impacts can only be discovered some years after programme completion. Therefore, in many cases, one can only hope that an evaluation might be able to predict future impacts, rather than actually report on impacts achieved.

Sustainability: will the benefits produced by the intervention be maintained after the cessation of the project or programme? If the programme has not yet completed, how do programme managers expect that—and plan for a scenario in which—those benefits continue into the future?

Evaluation planning and tools

Planning of evaluations contributes to the design and implementation of evidence-based programmes and policies. When one plans in advance (at the design stage) for what one wishes to measure at mid-term, or at the end of a programme, one builds in measures or data points which can be used during an upcoming evaluation.

Before an evaluation is started and its terms of reference are drawn up, the following issues need to be decided:

- What is the intended use of the evaluation? Who will use the evaluation? When will the results be available?
- What will be the scope of the evaluation? A description of the evaluation scope, the background and context, as well as the scope of the contribution of the Active Citizens Funds, and target groups directly affected and the programme's relative importance in the beneficiary state. Will the evaluation concentrate on special themes or issues? Is the main focus on the process or on the results?
- Since an evaluation cannot cover all things, it is important to limit the scope of what will be assessed: What are the limits or parameters for carrying out the evaluation? Are there special factors that decide the choice of time period, geography, target groups or Programme area?

Fund Operators are required to commission an evaluation of their programme at some point during the period of the 2014-2021 EEA and Norwegian Financial Mechanisms. Fund Operators are therefore asked to draw up an evaluation plan to be presented in the Monitoring and Evaluation Plan. The Fund Operators should also 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.

To ensure good design and content of the programme evaluation plan, it is suggested that the plan include the following elements:

- the subject and rationale of the evaluations(s);
- the proposed methods to be used for the programme evaluation, and its associated data requirements;
- provisions that data required for evaluations will be available or will be collected;
- an indicative timetable for commissioning each evaluation;
- the indicative budget for implementation of the plan;
- (an estimate of the human resources involved, including a training plan for them);
- (a strategy to ensure use and communication of evaluations).

See Annex 8 for the evaluation plan template.

Based on the plan, the terms of reference (ToR) should be prepared for each planned evaluation, in due course. Annex 9 contains an annotated template for the terms of reference.

Evaluation reports

A draft evaluation report shall be submitted to the FMO for comments. Other relevant stakeholders may also be invited to comment on the report.

Learning and follow-up on evaluation findings

Perhaps the most important part of an evaluation is how the findings are disseminated and how the recommendations are followed up. The section on recommendations in the evaluation report be clearly addressed to the different stakeholders.

Recommended quality checklist for evaluation reports

- the report addresses all questions included in the ToR in a way that reflects their stated level of priority;
- findings, conclusions, and recommendations are presented separately and are logically coherent;
- each recommendation is directed to a specific stakeholder;
- the evaluation methodology is clearly described and different options are explained and justified;
- the data basis for the analysis is verifiable; and
- findings have been validated through triangulation of information (more than 2 sources, data set, theory, analysis to strengthen the argument);
- partners and persons responsible for the programme or project evaluated have had an opportunity to state their views on the quality of the data, the analysis and the assessments;
- where there is a significant divergence in the views of the evaluation team and different parties in the donor state(s) or beneficiary state, this is reflected in the report;
- the presentation in the report is balanced and impartial;

Programme completion

A Programme is completed when the FMO has approved the Final Programme Report (FPR) and all the outstanding financial obligations have been settled.

V. Annexes

1. Glossary of results-based management terminology

ACTIVITY: Action taken or work performed through which inputs, such as funds, technical assistance and other types of resources, are mobilised to produce specific outputs.

ASSUMPTION: A condition necessary for the success of an intervention.

BASELINE: The situation before the start of an intervention – the reference point for measuring change. More specifically, it is the value of a particular indicator at the beginning of an intervention against which variations that occur are measured.

DATA COLLECTION METHODS: The modality of collecting achievement data. Some examples of data-collection methods are observation; analysis (of media, records or documents); survey; interview; focus groups; collection of anecdotal evidence.

END BENEFICIARIES: Individuals or groups expected to reap tangible benefits of an intervention. In service provision programmes some outputs are delivered directly to the end beneficiaries. In that case, no intermediary target groups are necessary.

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, consistency, effectiveness, efficiency, impact and/or sustainability of the financial contribution. Builds on data collected through *monitoring*.

IMPACT: Effects of an intervention on society or the environment (positive or negative, direct or indirect, intended or unintended).

INDICATOR: A quantitative or qualitative variable that specifies what is to be measured along a scale or dimension. It should always be expressed in neutral terms: it should neither indicate the direction or change nor embed a target.

INPUT: The financial, human, material, technological and information resources used for interventions (projects and/or programmes).

INTERMEDIARIES: A target group the programme seeks to influence in order to achieve results for the end beneficiaries.

INTERVENTION LOGIC: The explicit and or/implicit logical link between the different levels of results (outputs, outcomes, and programme objective). It shows the conceptual link from an intervention's outputs to its outcomes, and ultimately the impact (programme objective). It is usually presented in the form of a results framework.

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. It is conducted by *data collection* and analysis.

OBJECTIVE: See Impact

OUTCOME: Outcomes are the (short and medium-term) effects of an intervention's outputs on the intermediaries or end beneficiaries. Outcomes are rarely under the direct control of a programme/project.

OUTPUT: Outputs are the products, capital goods and services delivered by a programme to the intermediaries. Outputs are easy to attribute directly to the resources used and the activities performed. They are usually within the greatest control of the implementing organisation.

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.

PROGRAMME: A structure setting out a development strategy with a coherent set of measure to be carried out through projects with the support of the EEA and Norwegian Financial Mechanisms 2014-2021 and aimed at achieving agreed objectives and outcomes.

RESOURCES: Inputs and activities towards achieving results. See *INPUT* and *ACTIVITY*.

RESULT CHAIN: An illustration of the anticipated causal relationship between resources and results over time.

RESULTS: Results are the outputs, outcomes and impact of an intervention or a programme.

RESULTS-BASED MANAGEMENT (RBM): Results-based management is a management strategy by which all actors, contributing directly or indirectly to achieving a set of results, ensure that their processes, products and services contribute to the achievement of the desired results. The approach focuses on achieving specified outputs and outcomes, measuring performance, learning and adapting, as well as reporting on achievements.

RESULTS FRAMEWORK: An explicit tabular articulation of the intervention logic showing the causal sequence for an intervention that stipulates the necessary sequence to achieve desired results – beginning with outputs, culminating in outcomes, and leading to impacts.

RISK: An event or circumstance that may affect the achievement of expected results.

RISK MANAGEMENT: A continuous, proactive and systematic process of identifying, assessing and managing risk in line with the accepted risk levels to provide reasonable assurance as to achieving the expected results.

SOURCE OF VERIFICATION: Source (location) of the data to be collected for a particular indicator.

TARGET: A particular value for a performance indicator to be accomplished by a specific date in the future. It is what the intervention would like to achieve within a certain period of time in relation to one of its expected results (outputs, outcome and/or impact).

TARGET GROUP: See INTERMEDIARIES and END BENEFICIARIES

2. Guidance on outcomes and indicators for the Active Citizens Fund

2.1 Objectives of the Guidance on Outcomes and Indicators

This document provides guidance on the design of the results framework for the Active Citizens Funds under the EEA Grants 2014-2021. It aims to improve the quality of the outcomes and indicators and ensure consistency in the methods of reporting and aggregation of data across the Active Citizen Funds.

FOs are encouraged to align their outcomes and indicators to this framework as much as possible when reporting to the FMO, to allow for aggregated results tracking and reporting across programmes. FOs shall select the outcomes and indicators that are appropriate to their programme. The wording of core indicators, where used, should be aligned to the Core Indicator Guidance as much as possible (see below). However, for other indicators, FOs can vary the wording of outcomes and indicators to their specific context, and may wish to use additional outcomes and indicators.

This document includes the compulsory bilateral outcome "Enhanced collaboration between beneficiary and donor state entities involved in the programme" and four compulsory bilateral outcome indicators.

FOs are required to track the geographic location of projects/CSOs funded under the ACF programmes, to be able to report against the country-specific areas and concerns on under-served geographic areas.

Core Indicators

Relevant 'core indicators' that are used across all Programme Areas of the EEA and Norway Grants 2014-2021 are integrated into this document. Of them, two are mandatory for all ACF programmes and apply to the entire programme, regardless of which outcome the funding was channelled through:

- 1. Number of people engaged in CSO activities
- 2. Number of CSOs directly funded

These mandatory indicators are not tied to any specific outcome or output but capture the aggregate values across the entire programme. When reporting on them, double counting shall be strictly avoided. In other words, only unique CSOs directly funded are to be counted. Definitions and methodology for these core indicators are outlined in the FMO Core Indicator Guidance. The EEA and Norway Grants' information system will integrate the two mandatory indicators into the reporting interface.

A link to the full list of Core indicators is provided in section 5. Wherever Core indicators are used, please refer to the <u>FMO Core Indicator Guidance document</u> for definitions of each Core indicator as well as guidance on how to measure, monitor and report them.

Use of this Guidance

This Guidance is intended for use during two stages of programme development:

(i) Guidance for bidders for the Fund Operator role when preparing the programme intervention logic, comprising expected outcomes, outcome indicators and key risks to outcomes (see Bid Form section 7.4, and Terms of Reference section 2.8)

(ii)	Guidance for selected Fund Operators when preparing the results framework annexed to the Programme Implementation Agreement (see Mandatory Results Framework Template in Civil Society Results Manual).
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(ii)

2.2 Suggested Outcomes and Indicators for the Areas of Support

	Suggested Indicators ⁷ (outcome or output)	Possible disaggregation	Comment
Mandatory core indicators ⁸ applied at programme level	Number of people engaged in CSO activities ⁹ (outcome) ¹⁰	Gender, age, ethnicity/language (e.g. Roma)	
	Number of CSOs directly funded (output)		
	Area of support 1: Democracy, active and transparency	citizenship, good	l governance
Increased citizen participation in civic activities ¹¹	Number of people engaged in CSO activities ¹² (outcome) ¹³ – applied at programme level	Gender, age, ethnicity/language (e.g. Roma)	
Public institutions consult CSOs in decision making processes ¹⁴	Number of people participating in consultations with a public decision-making body (outcome) Number of national policies and laws influenced (outcome) ¹⁵	Gender, age, ethnicity/language (e.g. Roma)	
	Number of local policies and laws influenced (outcome)		To be separated
	Number of: (1) operational guidelines by public institutions influenced; (2) judicial decisions influenced (outcome)		into distinct indicators
	Number of CSO initiatives consulting people on public policy decisions (output)		
	Number of CSO submissions aimed at influencing (1) policies and laws (2) operational guidelines by public institutions at local or national level; (3) judicial decisions (output)		

⁷ Many quantitative indicators should be supplemented with qualitative (narrative) information on the indicator, to be reported in the Annual and Final Programme Reports

⁸ These two indicators apply to the entire programme, regardless of which outcome the funding was channelled through. They are not tied to any specific outcome or output, but capture the aggregate values across the entire programme. When reporting on them, double counting shall be strictly avoided. Wherever core indicators are used, please refer to the FMO Core Indicator Guidance document for definitions of each core indicator as well as quidance on how to measure, monitor and report them.

guidance on how to measure, monitor and report them
⁹ CSOs are defined as civil society organisations supported by the Active Citizens Funds, both project promoters and their partners

¹⁰ People, persons or individuals refers to individuals who are targeted by projects that are supported by the ACF ¹¹ CSO/civic activities are activities that engage the active participation of citizens in initiatives that address their

needs and/or aims. Examples include the suggested measures in the ToR section 1.5

¹² CSOs are defined as civil society organisations supported by the Active Citizens Funds, both project promoters and their partners

¹³ People, persons or individuals refers to individuals who are targeted by projects that are supported by the ACF

¹⁴ Public institutions refers to local, regional or central government institutions and public authorities/agencies

¹⁵ Wherever core indicators are used, please refer to the FMO Core Indicator Guidance document for definitions of each core indicator as well as guidance on how to measure, monitor and report them

	Number of practices, policies, laws consulted with CSOs (output)		
Strengthened democratic culture and civic awareness ¹⁶	Share of persons who show civic awareness (outcome) Number of institutions providing civic education (outcome)	Gender, age, ethnicity/language (e.g. Roma)	
	Number of CSOs engaged in civic education (output)		Baseline needed
	Number of students educated about civic rights (output)		once projects are selected
Strengthened civil society	Number of national policies and laws influenced (outcome) ¹⁷		
watchdog/advocacy role	Number of local policies and laws influenced (outcome)		To be separated
	Number of: (1) operational guidelines by public institutions influenced; (2) judicial decisions influenced (outcome)		into distinct indicators
	Number of initiatives successful in obtaining information on public/private decision-making (outcome)		Baseline needed
	Number of CSOs <u>using</u> evidence/research to support their advocacy and policy work (outcome)		once projects are selected
	Number of CSO submissions aimed at influencing (1) policies and laws (2) operational guidelines by public institutions at local or national level; and/or (3) judicial decisions (output)		To be separated into distinct indicators
	Number of CSOs engaged in monitoring public and private decision-making (output)		
	Number of legal actions on transparency and good governance filed/lodged (output)		
	Number of initiatives (including Freedom of Information requests) to promote transparency in public/private decision making (output)		

Democratic political culture depends on the acceptance by both citizens and political elites of a shared system of democratic norms and values. These include tolerance of diversity, interpersonal trust, social capital and a sense of political efficacy on the part of individuals. A democratic political culture also requires that citizens have knowledge about their system of government.

¹⁷ Wherever core indicators are used, please refer to the FMO Core Indicator Guidance document for definitions of each core indicator as well as guidance on how to measure, monitor and report them

	I November 1 (1990)	1	
	Number of CSOs supported to conduct research informing their advocacy work (output)		
	Area of support 2: Civil society of human rights and promote equal treat or ethnic origin, religion or belief, gorientation or gender identity	ment on the grou	nds of racial
Increased support for human rights	Share of target group favourable to human rights (outcome)	Gender, age, ethnicity/language (e.g. Roma), migration status	needed
	Share of people who disapprove of public statements that express negative views or hatred towards specific groups in society (outcome)		Baseline needed once
	Share of people who know it is a crime to incite hatred based on race, ethnicity or gender (outcome)		projects are selected
	Number of beneficiaries of services provided (outcome) ¹⁸ 19		Baseline needed once projects are
	Number of advocacy/awareness raising campaigns carried out on human rights (output) ²⁰		selected
	Number of advocacy/awareness raising campaigns carried out on counter speech and anti-discrimination (output) ²¹		To be separated into distinct indicators (advocacy/
	Number of CSOs engaged in advocacy work on human rights (output)		awareness- raising)
	Number of CSOs registering and reporting human rights violations (output)		
	Area of support 3: Social justice and in	nclusion of vulner	able groups

¹⁸ See Programme Area Specific: 'Provision of welfare and basic services shall only be supported as part of actions addressing awareness-raising, advocacy, empowerment and reform initiatives'. These services could include e.g. legal aid to protect against discrimination or to defend human rights; etc.

¹⁹ Wherever core indicators are used, please refer to the FMO Core Indicator Guidance document for definitions

of each core indicator as well as guidance on how to measure, monitor and report them ²⁰ Wherever core indicators are used, please refer to the FMO Core Indicator Guidance document for definitions of each core indicator as well as guidance on how to measure, monitor and report them ²¹ Wherever core indicators are used, please refer to the FMO Core Indicator Guidance document for definitions

of each core indicator as well as guidance on how to measure, monitor and report them

Vulnerable groups are empowered ²²	l	Gender, age, nigration status, thnicity/language
	Number of beneficiaries of services (eprovided (outcome) ²⁴	e.g. Roma)
	Number of unaccompanied asylum- seeking minors receiving services (outcome) ^{25 26}	
	Number of children and youth reached, at risk of early-school leaving (outcome) ²⁷	
	Number of CSOs providing economic empowerment training to vulnerable people (output)	
	Number of CSO initiatives consulting vulnerable groups on public policy decisions (output)	
	Number of new or improved methods developed to address the needs of vulnerable groups (output)	
	Number of CSOs advocating for the needs of vulnerable groups (output)	

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²² The expression 'vulnerable groups' refers to women, ethnic, minorities, immigrants, and other disadvantaged groups, who in many countries have not been part of the traditional mainstream that has benefitted from economic growth. For this reason, these disenfranchised groups have tended not to participate in the political process, nor have they learned the advocacy or monitoring skills needed to represent or safeguard their own interests.

²³ Wherever core indicators are used, please refer to the FMO Core Indicator Guidance document for definitions of each core indicator as well as guidance on how to measure, monitor and report them

²⁴ See Programme Area Specific: 'Provision of welfare and basic services shall only be supported as part of wider actions addressing awareness-raising, advocacy, empowerment and reform initiatives'.

²⁵ See Programme Area Specific: 'Provision of welfare and basic services shall only be supported as part of wider actions addressing awareness-raising, advocacy, empowerment and reform initiatives'.

²⁶ Wherever core indicators are used, please refer to the FMO Core Indicator Guidance document for definitions of each core indicator as well as guidance on how to measure, monitor and report them

²⁷ See Programme Area Specific: 'Provision of welfare and basic services shall only be supported as part of wider actions addressing awareness-raising, advocacy, empowerment and reform initiatives'.

	Area of support 4: Gender equality and gender-based violence ²⁸			
Improved attitudes towards gender	Share of target group favourable to gender equality (outcome) ²⁹	Gender, age, ethnicity/language (e.g. Roma)	Baseline needed once projects are selected	
equality and gender- based	Share of target group disapproving of gender-based violence (outcome) Number of national policies and laws		Baseline needed once projects are	
violence	influenced (outcome) ³⁰		selected	
	Number of local policies and laws influenced (outcome)			
	Number of: (1) operational guidelines by public institutions influenced; (2) judicial decisions influenced (outcome)		To be separated into distinct indicators	
	Number of awareness raising campaigns carried out (output) ³¹			
	Number of CSOs engaged in advocacy and watchdog work on women's rights (output)		To be separated into distinct indicators	
	Number of CSO submissions aimed at influencing (1) policies and laws (2) operational guidelines by public institutions at local or national level; (3) judicial decisions (output)			
	Number of CSOs engaged in monitoring public and private decision-making (output)			

²⁸ Indicators under other outcomes may be relevant to this outcome

Wherever core indicators are used, please refer to the FMO Core Indicator Guidance document for definitions of each core indicator as well as guidance on how to measure, monitor and report them

Wherever core indicators are used, please refer to the FMO Core Indicator Guidance document for definitions

of each core indicator as well as guidance on how to measure, monitor and report them ³¹ Wherever core indicators are used, please refer to the FMO Core Indicator Guidance document for definitions

of each core indicator as well as guidance on how to measure, monitor and report them

	Area of support 5. Environment and climate	change ³	32
Increased civic engagement in environmental protection/climate	Number of people engaged in CSO [environmental protection/climate change] activities (outcome)	Gender, age	
change Increased access	Number of people participating in decision- making on environmental matters/climate change (outcome)		
to justice in environmental	Number of national policies and laws influenced (outcome) ³³		To be separated into distinct
matters/climate change	Number of local policies and laws influenced (outcome)		indicators
	Number of: (1) operational guidelines by public institutions influenced; (2) judicial decisions influenced (outcome)		To be separated into distinct indicators
	Number of CSO submissions aimed at influencing [environmental protection/climate change] (1) policies and laws; (2) operational guidelines by public institutions at local or national level; (3) judicial decisions (output)		
	Number of awareness raising campaigns carried out (output) ³⁴		
	Number of CSOs engaged in advocacy on environmental protection/climate change (output)		
	Number of innovative (new or improved) methods developed to address environmental protection/climate change (output)		
	Number of legal actions on environment/climate change filed/lodged (output)		

³² Indicators under other outcomes may be relevant to this outcome
³³ Wherever core indicators are used, please refer to the FMO Core Indicator Guidance document for definitions of each core indicator as well as guidance on how to measure, monitor and report them
³⁴ Wherever core indicators are used, please refer to the FMO Core Indicator Guidance document for definitions

of each core indicator as well as guidance on how to measure, monitor and report them

2.3 Suggested Outcomes and Indicators for Capacity Building 35

Possible	Suggested Indicators ³⁶ (outcome or output)	Possible	Comment
outcomes	(disaggregation	
Enhanced capacity and sustainability of civil society	Number of CSOs participating in learning initiatives funded by the programme ³⁷ (output)		
(organisations and the sector)			Baseline needed once projects are selected
	Number of CSOs with effective management procedures ³⁹ (outcome)		Baseline needed once projects are selected
	Number of CSOs using an M&E system for their work (outcome) ⁴⁰		Baseline needed once projects are selected
	Number of CSOs that regularly disseminate information on their activities and results to the public ⁴¹ (outcome)		Baseline needed once projects are selected
	Number of CSOs with at least two funding sources, each comprising at least 30% of their total annual budget (outcome) ⁴²		Baseline needed once projects are selected
	Number of CSOs referencing research/evidence in their advocacy work (outcome) ⁴³		Baseline needed once projects are selected
	Number of joint initiatives conducted by CSOs in collaboration with other CSOs (outcome)		
	Number of initiatives implemented through partnerships between CSOs and public/private entities (outcome)		

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³⁵ Indicators in this section may be relevant to the areas of support in section 1 and can be adapted and included among the indicators under section 1.

³⁶ All quantitative indicators should be supplemented with qualitative (narrative) information on the indicator.

³⁷ It is recommended that the FO reports on the output 'capacity building provided to CSOs' using the output indicator 'Number of CSOs participating in capacity building initiatives funded by the programme'. FOs should disaggregate this indicator (in their own M&E system) by the different types of capacity building provided by their programme, such as: # CSOs participating in learning initiatives in transparent and accountable governance, # CSOs participating in learning initiatives in effective management, # CSOs participating in learning initiatives in diversifying funding, # CSOs participating in learning initiatives in strategic communications, # CSOs participating in learning initiatives in monitoring and evaluation, # CSOs participating in learning initiatives in accessing and using research/evidence to support their work, # CSOs conducting an assessment of their organisational capacity, #CSO working with Roma/CSO not working with Roma

³⁸ Please see suggested methods for measuring frequently-used capacity development indicators in Annex 6.

³⁹ Please see suggested methods for measuring frequently-used capacity development indicators in Annex 6.

⁴⁰ Please see suggested methods for measuring frequently-used capacity development indicators in Annex 6.

⁴¹ 'Regularly' needs to be defined for each project.

⁴² Please see suggested methods for measuring frequently-used capacity development indicators in Annex 6.

⁴³ Please see suggested methods for measuring frequently-used capacity development indicators in Annex 6.

Possible outcomes	Suggested Indicators ³⁶ (outcome or output) Possible disaggregation	Comment n
	Number of national policies and laws influenced (outcome) ⁴⁴	To be separated
	Number of: (1) operational guidelines by public institutions influenced; (2) judicial decisions influenced (outcome)	into distinct indicators
	Number of CSO platforms and networks supported (output)	
	Number of CSOs advocating for improvements to the legal/policy environment for civil society (output)	
	Number of partnerships between established/strong and less established/weaker/smaller CSOs (output)	
	Number of CSOs that are members of civil society networks/platforms (output)	
	Number of partnerships between CSOs and public/private entities (output)	

⁴⁴ Wherever core indicators are used, please refer to the FMO Core Indicator Guidance document for definitions of each core indicator as well as guidance on how to measure, monitor and report them 48

2.4 Suggested Outcome and Indicators for Regional Civil Society Initiatives

Each programme is required to use the common regional civil society outcome.

Outcome		Possible disaggregation	Comment
Strengthened regional (cross-	Share of CSOs with improved knowledge from regional cooperation (outcome)	Country of origin of CSO	
border) cooperation in the civil	Number of initiatives jointly implemented by entities across borders (outcome)		
society sector	Number of CSOs participating in regional cooperation (output)		
	Number of participants in events funded by the regional civil society initiatives fund (output)		

 $^{^{45}}$ All quantitative indicators should be supplemented with qualitative (narrative) information on the indicator.

2.5 Common Bilateral Outcome and Indicators for Bilateral Cooperation

Each programme is required to use the common bilateral outcome and four mandatory bilateral outcome indicators. Other bilateral indicators may be used if relevant, including those from the Core Indicators guidance.

Programme of groups empo	objective: Civil society and active citizenshipwered	ip strengthen	ed and vulnerable
Outcome	Indicators	Possible disaggreg ation	Source of information
Enhanced collaboration between Beneficiary State and Donor State entities involved in	Share of cooperating organisations that apply	State type ⁵⁰	Baseline needed once projects are selected Baseline needed once projects are selected
programme	the knowledge acquired from bilateral partnership (percent) (outcome) Share of participants in bilateral initiatives funded by the ACF bilateral fund reporting improved knowledge/methods/approaches (outcome) ⁴⁷		
	Bilateral output indicators: Number of projects involving cooperation with a donor project partner (output) ⁴⁸		
	Number of bilateral cooperation initiatives funded by the ACF bilateral fund (output) ⁴⁹		
	Number of individuals participating in bilateral activities funded by the ACF bilateral fund (output)		

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⁴⁶ Wherever core indicators are used, please refer to the FMO Core Indicator Guidance document for definitions of each core indicator as well as guidance on how to measure, monitor and report them

⁴⁷ This bilateral outcome indicator reports only on programme-level bilateral cooperation funded under the ACF

bilateral fund (see PIA Chapter 5.1)

48 Wherever core indicators are used, please refer to the FMO Core Indicator Guidance document for definitions

of each core indicator as well as guidance on how to measure, monitor and report them

49 This bilateral output indicator reports only on programme-level bilateral cooperation funded under the ACF bilateral fund (see PIA Chapter 5.1)

⁵⁰ Beneficiary state/Donor State

2.6 List of Core Indicators

The Core indicators that are most relevant for the ACF have been added to the ACF results framework.

The FO is free to use all Core indicators from the list if relevant for the programme. The full list and supporting Guidance document providing definitions and methodology for these Core indicators are outlined in the Core Indicator Guidance, <u>here</u>:

https://eeagrants.org/Media/Files/Toolbox/Toolbox-2014-2021/EEA-and-Norway-Grants-Core-Indicator-Guidance

2.7 Suggested methods for measuring frequently-used capacity development indicators⁵¹

At the start and end of the project, Fund Operators shall assess the relevant dimensions of organisational capacity of the project promoters participating in capacity building activities funded by the programme. As a minimum, this assessment should be administered to the relevant project promoters, i.e. those CSOs receiving funding from the programme.

Outcome: Enhanced capacity and sustainability of civil society organisations and the sector

Outcome indicator: Number of CSOs that regularly disseminate information on their activities and results to the public

Measurement method (for the baseline and achievements): Self-assessment tool (survey) administered to the relevant project promoters (at start and end of each project)

Number of CSOs that regularly disseminate information on their activities	Scoring:
and results to the public	0 = not fulfilled
	1 = partially fulfilled
Criterion:	2 = fulfilled
Functional webpage (URL active)	
Profile in a social network (Facebook, Twitter, etc.)	
Webpage updated with all important activities, achievements,	
publications of the CSO	
Annual report published and available to the public	
At least one publication per year in national or local media	
At least one public event per year	
Min. score necessary to be counted = 7;	Total score:
Minimum score not to be displayed to the project promoters	

Outcome indicator: Number of CSOs with effective management procedures

Measurement method (for the baseline and achievements): Self-assessment tool (survey) administered to the relevant project promoters (at start and end of each project)

Number of CSOs with effective management procedures	Scoring:		
	0 = not fulfilled		
	1 = partially fulfilled		
Criterion:	2 = fulfilled		
Clear organisational structures with lines of accountability and			
responsibilities defined in the by-laws			
Organisational vision and mission clearly defined in the by-laws and			
other strategic documents			
Terms of reference/job descriptions for managers and other staff exist			
Policies and practices for human resources development exist, which			
include training for staff (paid and unpaid), mentoring and supervision			
and staff appraisal procedures			
Minimum score necessary to be counted = 5;	Total score:		
Minimum score not to be displayed to the project promoters			

⁵¹ The outcome and indicators listed here may be worded slightly differently in some programmes.

Outcome indicator: Number of CSOs with transparent and accountable governance

Measurement method (for the baseline and achievements): Self-assessment tool (survey) administered to the relevant project promoters (at start and end of each project)

Number of CSOs with transparent and accountable governance	Scoring: 0 = not fulfilled
Criterion:	1 = partially fulfilled 2 = fulfilled
Clear written documentation of governance procedures exists	
(by-laws; internal regulation documents)	
Board reviews performance on a regular basis	
Board is actively engaged in providing overall strategic direction	
Ethical code adopted	
CSO consults users, beneficiaries and other stakeholders in	
decision making and activities	
System for prevention of conflict of interest exists with regard to	
board's decision-making in place	
Results of the CSO work communicated publicly on a regular	
basis through events, annual reports and other publications;	
presence on the internet	
Minimum score necessary to be counted = 9;	Total score:
Minimum score not to be displayed to the project promoters	

Outcome indicator: Number of CSOs using an M&E system for their work

Measurement method (for the baseline and achievements): Self-assessment tool (survey) administered to the relevant project promoters (at start and end of each project)

Number of CSOs using an M&E system for their work	Scoring:
	0 = not fulfilled
	1 = partially fulfilled
Criterion:	2 = fulfilled
A monitoring and evaluation plan is in place – containing a clear set of	
objectives and indicators aligned with the mission	
There is a dedicated budget (line) for monitoring and evaluation	
There is a dedicated monitoring/evaluation unit OR	
staff have clearly defined monitoring/evaluation responsibilities	
Data collection tools are in place (electronic or otherwise)	
Formal evaluations of the CSO's work are carried out	
Minimum score necessary to be counted = 5;	Total score:
Minimum score not to be displayed to the project promoters	

Outcome indicator: Number of CSOs using evidence/research to support their advocacy/policy work

Measurement method (for the baseline and achievements): Self-assessment tool (survey) administered to the relevant project promoters (at start and end of each project)

Number of CSOs using evidence/research to support their advocacy/policy work	Scoring: 0 = never 1 = occasionally 2 = almost always
Criterion:	•
The organisation has collected concrete evidence when preparing to	
influence decision makers	
The organisation has referenced evidence/research in its written communication with decision makers	
The organisation has a dedicated research officer, or a staff member	
dedicates a portion of his/her time to research	
Minimum score necessary to be counted = 4;	Total score:
Minimum score not to be displayed to the project promoters	

Outcome indicator: Number of organisations dispose of at least 2 sources of funding each of which is larger than 30% of its total yearly budget

Measurement method: Survey administered to the relevant Project Promoters at the end of each project.

Does your organisation dispose of at least 2 sources of funding each of	YES/NO
which is larger than 30% of its total yearly budget?	
If yes, please provide details.	

Outcome/output indicator: Number of initiatives implemented through partnerships between CSOs and public/private entities

Measurement method: Survey administered to the relevant Project Promoters at the end of each project.

Did your project involve any partnerships with public/private entities?	YES/NO
If yes, how many partnerships with public entities? How many partnerships	
with private entities?	

Outcome/output indicator: Number of initiatives implemented through partnerships between CSOs and other CSOs

Measurement method: Survey administered to the relevant Project Promoters at the end of each project.

Did your project involve any partnerships with other CSOs?	YES/NO
If yes, how many? Please provide details.	

3. Mandatory results framework template

Results framework.xlsm

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This column is not included in the Concept Note or the Programme Implementation Agreement

PA		Expected programme results	Indicators	Unit of measurement	Baseline values for indicator s	Baseline year	Target values for indicators	Assumptions/Risk s
PA15	Programme Objective	[Copy the objective for the relevant programme area from the Blue Book]						
PA15	Outcome 1	[mandatory – at least 1]	[mandator y – at least 1]	[mandatory]	[baseline value]	[mandatory]	[mandatory]	
77110	Output 1.1	[mandatory – at least 1]	[mandator y – at least 1]	[mandatory]	0 [zero by default]	[mandatory]	[mandatory]	
	Output 1.x							
PA15	Outcome N							
	Output N.1							
	Output N.x							
PA15	Regional civil society initiatives Outcome	Strengthened regional (cross- border) cooperation in the civil society sector	[mandator y – at least 1]	[mandatory]	[baseline value]	[mandatory]	[mandatory	

	Regional CS initiatives output 1	[mandatory – at least 1]	[mandator y – at least 1]	[mandatory]	0 [zero by default]	[mandatory]	[mandatory	
	Regional CS initiatives output x							
Bilatera	Bilateral Outcome	Enhanced collaboration between beneficiary and donors state entities involved in the programme	[mandator y – at least 1]	[mandatory]	[baseline value]	[mandatory]	[mandatory]	
	Bilateral output 1	[mandatory – at least 1]	[mandator y – at least 1]	[mandatory]	0 [zero by default]	[mandatory]	[mandatory	
	Bilateral output x							

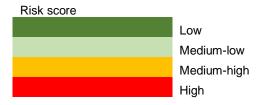
4. Checklist for results frameworks

	Yes	No
A. Intervention logic		
Does the programme have a clear and coherent intervention logic?		
Is the means/ends relationship between outputs, outcomes and the objective plausible?		
Are the key assumptions underlying the intervention logic clear?		
Are the key risks to the programme clear?		
B. Outcomes		
Is each outcome phrased as a single clear, concise statement that does <u>not</u> include the means of achieving the outcome?		
Is each outcome phrased as an end situation (as opposed to a process)?		
Is each outcome a change statement describing institutional/sector capacity or performance change, or benefits for direct beneficiaries (if service delivery)?		
Is the common bilateral outcome included? (except in exceptional cases)		
Does each outcome have a causal link to the programme area objective?		
C. Outputs		
Does each output describe what goods, services will be produced/delivered/procured directly by the programme?		
Is each output distinctly different from other outputs (not overlapping)?		
Does each output have a clear, plausible, causal link to a particular outcome under which it belong?		
D. Indicators		
Is each indicator directly relevant to the outcome or output which it is trying to measure?		
Is the unit of measurement for each indicator clear?		
Does each indicator have a baseline value assigned to it? For output indicators, the baseline is zero. For outcome indicators, the baseline will not be zero. If the baseline is not available, there should be a credible plan developed for how to define the baseline. Does each target have a target value assigned to it – in the same unit of measurement as the indicator?		
Have the relevant Core Indicators been used?		
Have the relevant bilateral outcome indicators been used?		

5. Mandatory Risk Assessment and Mitigation Analysis template

The FOs shall use the Excel version of the Risk Assessment and Mitigation Analysis until the new information system is in place.

Risk description	<u>Likelihood</u>	Consequence	Risk score	Response to risk	Description of response
[text]	[drop-down menu]	[drop-down menu]	[system generated]	[drop-down menu]	[text]
[text]	[drop-down menu]	[drop-down menu]	[system generated]	[drop-down menu]	[text]
[text]	[drop-down menu]	[drop-down menu]	[system generated]	[drop-down menu]	[text]
Operational risks					
Operational risks Risk description	<u>Likelihood</u>	Consequence	Risk score	Response to risk	Description of response
•	<u>Likelihood</u> [drop-down menu]	Consequence [drop-down menu]	Risk score [system generated]	Response to risk [drop-down menu]	Description of response
Risk description				•	



6. Suggested monitoring plan template/example

Fictional monitoring plan for a healthcare programme

Project #	Project name	Monitoring action	Planned timing: Q1, Q2, Q3, Q4	Criteria for monitoring (especially for site visits)	Risk issue with the project (if applicable)	Comments	Contact details
0001	National – Disease prevention programme for communities at risk	Visit with project promoter in Capital City	Q2 – May	The project is vital to the success of the overall programme	The project is at financial risk and has management risks	Mr. xxx should be contacted in April to arrange meeting	Mr. xxx lives in the Capital with phone: 58-62- 00-00-00
0002	Eastern Region of X: upgrade of local clinics	Regular monitoring of financial reports	Throughout 2018	No site visit envisaged in 2018	There is a low financial risk of local towns' budgets	None	None
0003	National – school fitness programmes for teenagers	Random site visit to 2 schools participating in project	Q4	Since this is a large and important programme for X, a minimum of 2 schools should be checked	No risks identified as yet: random monitoring	During Q3, select schools for monitoring	Project Manager is based in Y City
0004							
0005							
0006							
0007							
8000							
0009							

7. Suggested monitoring report template

Programme (number and title)	
Fund Operator	
Visited projects (numbers and titles)	
Monitoring carried out (from-to dates)	
Background to Programme/ Reason for the Monitoring	

Overall grade of the effectiveness and implementation of the monitored initiative(s): On a scale of 1 to 4

4	The situation is considered highly satisfactory.
3	The situation is satisfactory, but there is room for improvements.
2	There are issues which need to be addressed.
1	There are serious deficiencies.

Effectiveness (achievement of results)
Implementation (efficiency and risk management)
Implementation (efficiency and risk management)

I. Description of how the monitoring was conducted

This section refers to any special methods used (if relevant) for the monitoring. Please include a list of the contacts made, with the dates of meetings / monitoring visit, as well as any additional documents used for analysis or research, which can be helpful as reference materials.

II. Findings

In this section, please address fully each key question from the terms of reference. Add any other relevant findings you would like to relay to the FMO. Any other findings?

III. Stakeholders' comments

In this section, please add any relevant comments you might have been given by the Fund Operator, project promoters, and any other interviewed stakeholder.

IV. Recommendations

Refer back to the key questions and provide your conclusions and recommendations. Please provide your views on lessons learned that should be taken into account for the new funding period.

8. Suggested evaluation plan template

Programme Information				Evaluation Information							
Programme # and title	Sector	Duration (Start/End)	Budget (EUR)	Type of Evaluation: Formative/ Summative Impact/ Implementation	Evaluation Objectives: Reason and learning goals	Timing: Mid-term or Final Evaluation (ex post) Year	Data needs and collection methods: Reports; interviews; surveys; other	Evaluation Start/ End Date	Evaluation Budget (EUR)	Past Evaluations (if any): Type and Completion Date	Learning and Knowledge Sharing: Who will benefit from the evaluation? How will findings be shared?

9. Suggested template for terms of reference for evaluations

Adapted from Writing Terms of Reference for an Evaluation: A How to Guide (World Bank)

Introduction

Normally, an introduction to the agency/organisation commissioning the evaluation, as well as the mention of the programme(s) to be evaluated.

Background and context

The opening section of the ToR typically provides an orientation about the overall programme to be evaluated. Depending on the complexity of this programme, this section might be a few paragraphs or a couple of pages.

Include:

- The current objectives and intended outcomes of the programme being evaluated;
- A history of the programme;
- The context in which the programme is situated;
- The roles and responsibilities of various key stakeholders in designing and implementing the programme;
- Any studies or evaluations that have been conducted on the programme.

Main purpose of the evaluation

The rationale for the evaluation and the key overarching evaluation objective. An explanation about who has initiated this study and reasons for the timing, including any impending shifts for the programme or stakeholders.

Scope

This section presents the parameters of the evaluation in terms of its scope and limits. The scope should be realistic given the time and resources available for implementing the study. Details here could include the time period and covered by the evaluation, number of projects to be looked into, selection criteria for sampling, and issues that are outside of the scope.

Main questions

Specific evaluation questions should be identified by the ToR. Depending on the type and purpose of the evaluation, such questions are likely to address specific demands for information related to the following broad areas of inquiry (evaluation criteria):

- Impact
- Effectiveness
- Relevance/Coherence/Consistency
- Sustainability
- Efficiency

Methodology

Key elements generally highlighted here include:

- The overarching methodological framework (for example, case study, sample survey, desk review, mixed methods, and so forth)
- Expected data collection and analysis methods, with descriptions of any instruments used to collect needed information
- Availability of other relevant data, such as existing local, regional, or national data, or data from similar programs
- The process for verifying findings with key stakeholders

Many ToRs leave room for the evaluator(s) to define a more detailed methodology in line with the prescribed purpose and scope.

Deliverables and timing

The products expected of the evaluation team should be specified. Details should include the following:

- Specific information about the products to be produced by the evaluators
- The structure and format for each product. This would include any expectations regarding length and content (for example, the order of sections or the inclusion of an executive summary).
- The language(s) in which deliverables should be written.

Timing of both the data collection and analysis stage, as well as each deliverable, including any meetings or presentations.

Team

Any specification on thematic, geographic, methodological, linguistic, gender and/or other preference for the team, including the number of consultants.

Budget

The commissioner of an evaluation should consider what funds are available to support the tasks envisioned for the evaluator(s). In cases where a limited budget will likely constrain the scope and methodology of the study, an effective practice is to state the available budget and ask proposers to describe what they can expect to achieve. Alternatively, if the budget is somewhat flexible, the ToR can ask evaluators to come up with their own estimates based on the tasks they propose.

Contact person

Who is the person/persons in your agency/organisation who can be contacted in case of questions? Include the person's email and telephone number.