

Annual Report

2011 - 12

Annual Report on the EEA Grants from the Financial
Mechanism Committee to the EFTA Standing
Committee

The Annual Report from the Financial Mechanism Committee (FMC) to the EFTA Standing Committee presents an overview of the status and administration of the EEA Grants for the period 1 May 2011 to 30 April 2012. The FMC is the decision making body for the EEA Grants and is composed of representatives from the Ministries of Foreign Affairs from Iceland, Liechtenstein and Norway. The Financial Mechanism Office (FMO) operates as the secretariat for the management of the Grants for these three donor states.

The report sums up results and challenges related to the portfolio from the funding period 2004-2009. It includes facts and figures on the allocation of funds by country and sector, disbursement and absorption status, partnerships and irregularities, as well as a summary of reviews and evaluations carried out in 2011.

The report also describes the status of the implementation of the EEA Grants 2009-2014, including the negotiation of priorities with the beneficiary countries and the preparation of programmes. It includes an overview of guidelines endorsed by the donor states in 2011 and highlights key events organised during the year.

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Donor states

Iceland, Liechtenstein and Norway

Beneficiary states

Bulgaria, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia and Spain

EEA Grants at a glance

Through the EEA Grants, Iceland, Liechtenstein and Norway contribute to reducing disparities in Europe and to strengthening bilateral relations with 15 countries in Central and Southern Europe.

Between 2004 and 2009, €672 million in EEA Grants was set aside to 15 countries. €988.5 million has been set aside for 2009 to 2014, and programmes will be implemented until 2016.

Key areas of support include environment and climate change, civil society, human and social development, cultural heritage and cultural exchange, research and scholarships.

The EEA Grants are linked to the Agreement on the European Economic Area (EEA) which integrates Iceland, Liechtenstein and Norway with the European Union (EU) in the internal market.

The donor states contribute according to their size and economic wealth, with Norway representing around 94%, Iceland close to 5% and Liechtenstein just above 1% of the EEA Grants.

The EEA Grants are implemented in parallel with the Norway Grants, with the Financial Mechanism Office serving as secretariat.

1. HIGHLIGHTS 2011-12: RESULTS AND OPPORTUNITIES

2011-12 marked a watershed between the successful completion of the previous funding period and launching of the current funding period. It was a peak year for disbursement of funds and project completion as well as concluding Memoranda of Understanding on country specific priorities.

Portfolio completion 2004-2009

By the end of April 2012, disbursement of funds exceeded 83% of commitments across the portfolio. Almost nine out of ten projects had been completed by the deadline of 30 April 2012, with 91 out of 787 projects granted one year additional time for implementation.

The beneficiary states can be commended on particular efforts made to speed up implementation. Much of the success can also be attributed to the close working and joint efforts of all involved in the EEA Grants — in the beneficiary states, the donor states and the Financial Mechanism Office (FMO), which administers the EEA Grants.

Programme approach 2009-2014

By end-of March 2012, all 15 Memoranda of Understanding (MoU) between the donor and beneficiary states on the EEA Grants 2009-2014 were concluded. Around 100 programmes are expected in total. The bilateral dimension has been reinforced in the 2009-2014 period and incorporated as an overall objective for the EEA Grants.

Input from a series of reviews and evaluations helped to shape the new framework for the EEA Grants 2009-2014, with support now concentrated on clearly defined sectors and programme areas. Evaluations on two sectors — academic research and health and childcare — were concluded in 2011, complementing the nine reviews and evaluations conducted previously. An evaluation on support to cultural heritage and an end-review of the EEA Grants and Norway Grants 2004-2009 were finalised in early 2012.

Communication, results and risk management

It is important to measure the results of the funding to ensure transparency and accountability. In 2011-2012, work continued on developing the results reporting framework, which sets out defined objectives, performance indicators, baseline data and targets. A risk strategy for the management of the funds has been adopted.

Communication and publicity activities focused on results of the 2004-2009 funding, as well as presenting funding priorities agreed with the countries for 2009-2014.

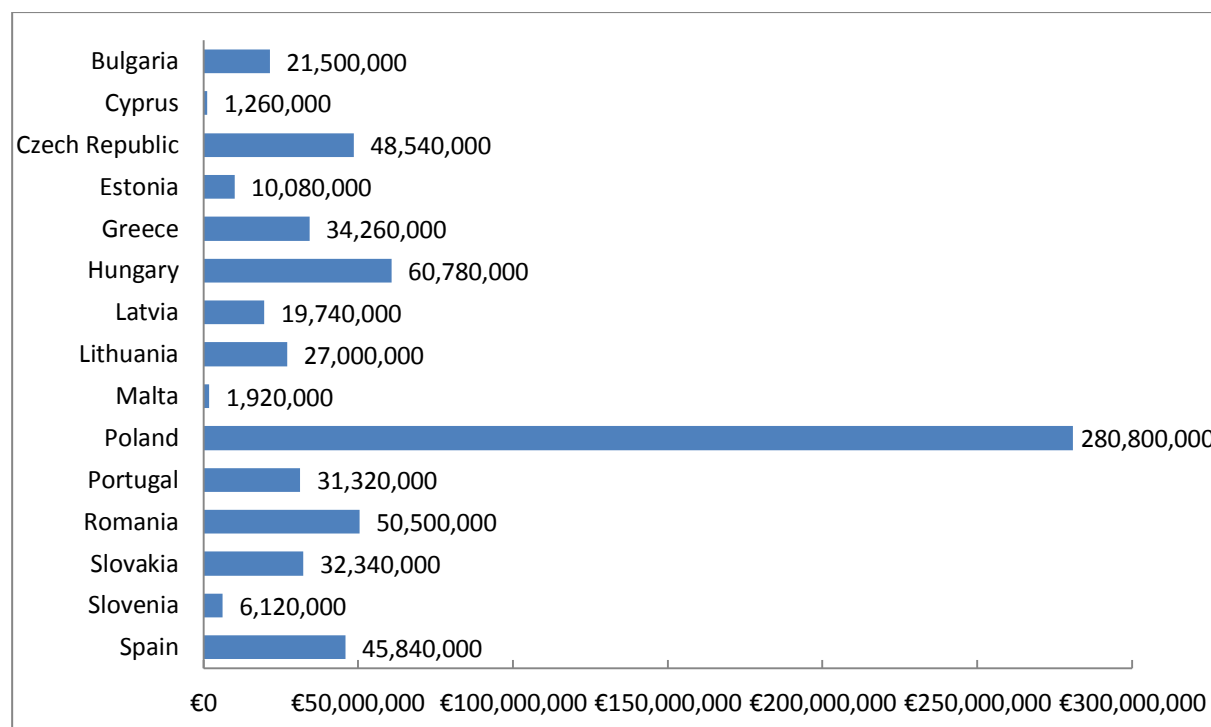
2. PORTFOLIO MANAGEMENT AND IMPLEMENTATION: 2004-2009

In the period 2004-2009, €672 million in support was channelled through the EEA Grants to 15 beneficiary countries in Central and Southern Europe.

The EEA Grants provided support in areas such as environmental protection, research and scholarships, health and childcare, cultural heritage and civil society.

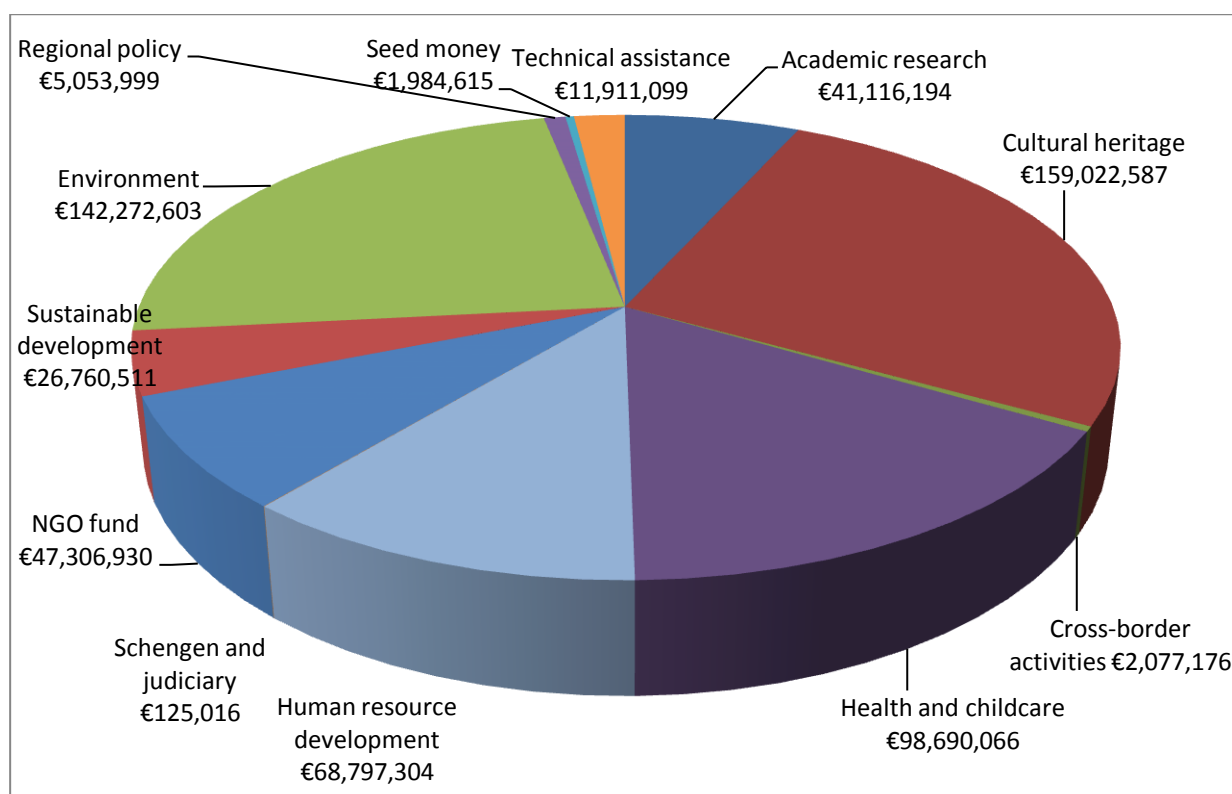
2.1 Breakdown of allocations 2004-2009

Figure 2.1 Distribution of funds by country (gross allocations in euro¹)



¹ The gross allocation is the total amount made available to a beneficiary state, including an amount set aside for the donor state management costs for the allocation. Donor state management costs are excluded from net allocations.

Figure 2.2 Distribution of funds by sector (current net commitments in euro)



2.2 Overall status of project portfolio

Out of 787 projects supported under the EEA Grants 2004-2009, 639 had been closed by the 30 April 2012, 91 projects have been given a one-year extension and 57 were in the process of administrative closure.

Table 2.3 Overall status of portfolio by end-April 2012

30 April 2009: Committed amount	€636,079,899
30 April 2009: Committed projects	816
Discontinued projects	29
30 April 2012 Number of projects supported	787
30 April 2012 Value of projects supported	€605,118,100
Closed projects	639
Number of implemented projects not formally closed by 30 April 2012	57
Extended implementation of projects until 30 April 2012; final closure by mid-2013	91
Disbursements in 2011	€167,676,284
Total disbursements by end-April 2012	€525,119,932
Total disbursements in % of net funds	83%

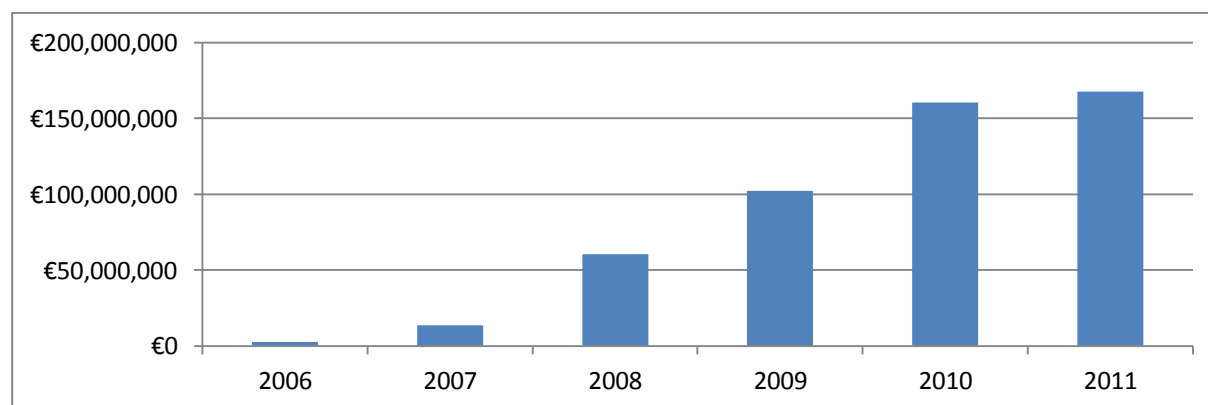
Table 2.4 Project status per country by 30 April 2012

Beneficiary state	Supported	Closed	Extended	Rejected	Discontinued after 30 April 2009	Discontinued before 30 April 2009
Bulgaria	43	31	12	11	2	5
Cyprus	3	2	0	0	0	0
Czech Republic	81	67	2	5	0	2
Estonia	15	14	1	2	0	0
Greece	38	13	20	7	13	10
Hungary	53	41	2	14	7	7
Latvia	30	28	1	1	0	3
Lithuania	41	37	2	2	0	5
Malta	5	4	1	0	0	0
Poland	287	258	24	21	2	15
Portugal	32	17	5	4	0	1
Romania	42	30	9	7	1	2
Slovakia	84	78	5	22	4	2
Slovenia	12	9	1	4	0	0
Spain	21	10	6	6	0	1
Total	787	639	91	106	29	53

2.3 Disbursement status

Disbursements under the EEA Grants 2004-2009 initially started in 2006 and continued into 2012, the final year for completion of projects. In the period 2006-2011, disbursements under the EEA Grants 2004-2009 totalled €510,224,562. 2011 was a peak year with €167,676,284 in disbursements. Combined, the 15 beneficiary countries are expected to absorb approximately 95% of the original commitments from Iceland, Liechtenstein and Norway. Amounts not absorbed are mainly due to savings and down-scaling in projects, withdrawn projects, reimbursed funds and the transfer of some of the delayed projects to the 2009-2014 funding period.

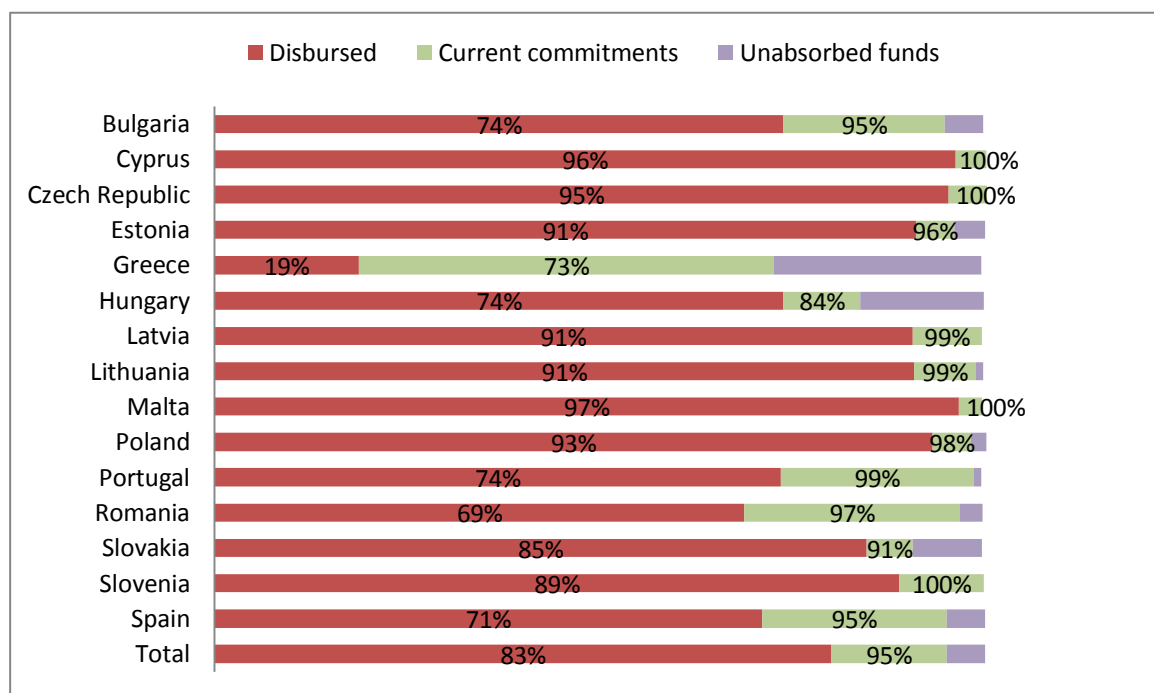
Figure 2.5 Total disbursements EEA Grants year-on-year



Variations exist between the countries. Whilst, for example, Cyprus, the Czech Republic and Malta have successfully spent close to 100% of their allocated funding, one-quarter of the Greek projects were withdrawn and close to 19% of the net allocation disbursed by end-April 2012. It is expected that the absorption rate for Greece will be around 50%.

Payments under the EEA Grants 2004-09 to Greece were suspended in the period 19 May 2011 to 8 August 2011, based on Greece's failure to fulfil necessary obligations i.e. lack of co-financing to projects and provision of required documentation on payments already made. Approximately €1.7 million had been disbursed to projects before payments were suspended. The remaining €29.4 million remained frozen for the period of the suspension. The temporary suspension of payments was lifted after Greece reorganised and improved its payment system.

Figure 2.6 Disbursement as a percentage of allocation per country



Original commitments (30 April 2009)

2.4 Partnership projects

Under the bilateral dimension, the EEA Grants promote partnerships for exchange of expertise and resources across borders. Between 2004 and 2009, 142 projects were implemented in cooperation between donor and beneficiary state entities. Several hundred additional partnership relations – often smaller in size – were found under the various funds established by the EEA Grants. Most partnerships were with Norway, but entities from Iceland and Liechtenstein also participated, in particular within research and education.

The degree of cooperation has varied, ranging from relatively substantial, strategic and technical involvement in project development and implementation, to more ad hoc study visits. Reports and other feedback indicate that whilst there have been challenges related to perceived complexities, administrative procedures or inadequate funding, useful and mutually enriching relationships have been established in many instances.

Figure 2.7 Percentage of partnership projects* per country

**The figures in the tables below refer to 'individual projects' receiving direct funding from the EEA Grants. They do not include 'sub-projects' financed under funds and programmes.*

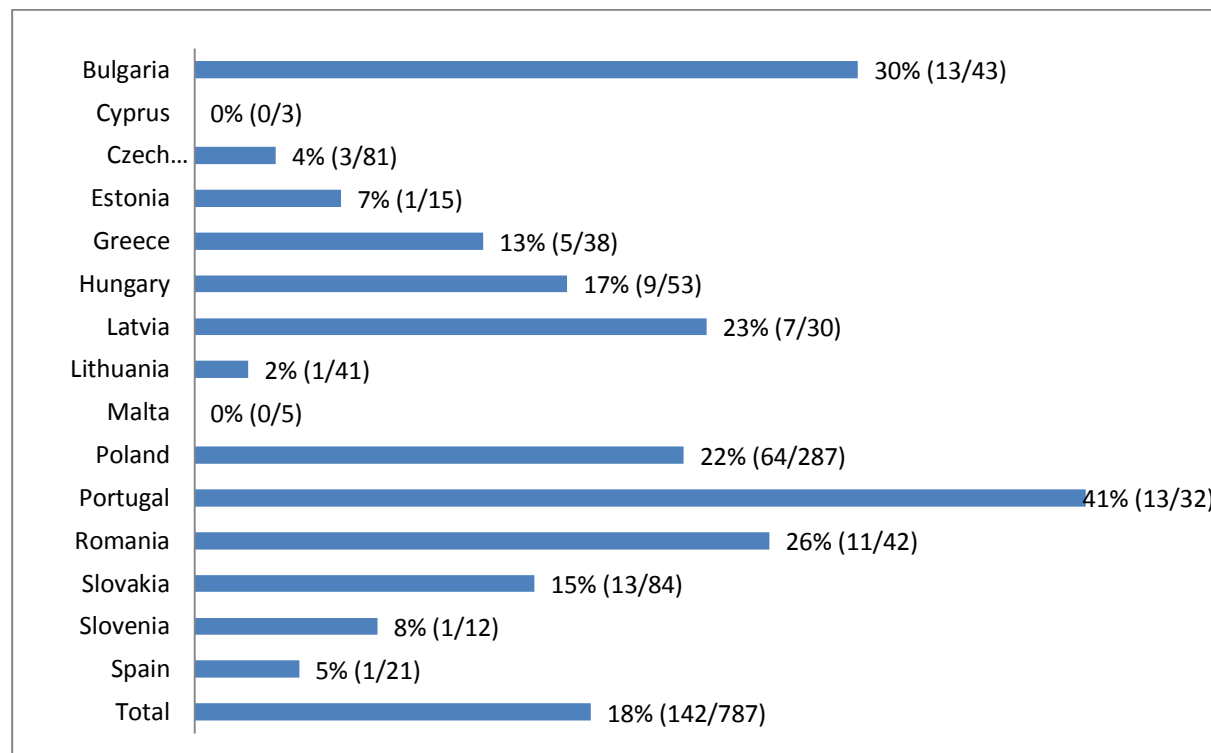
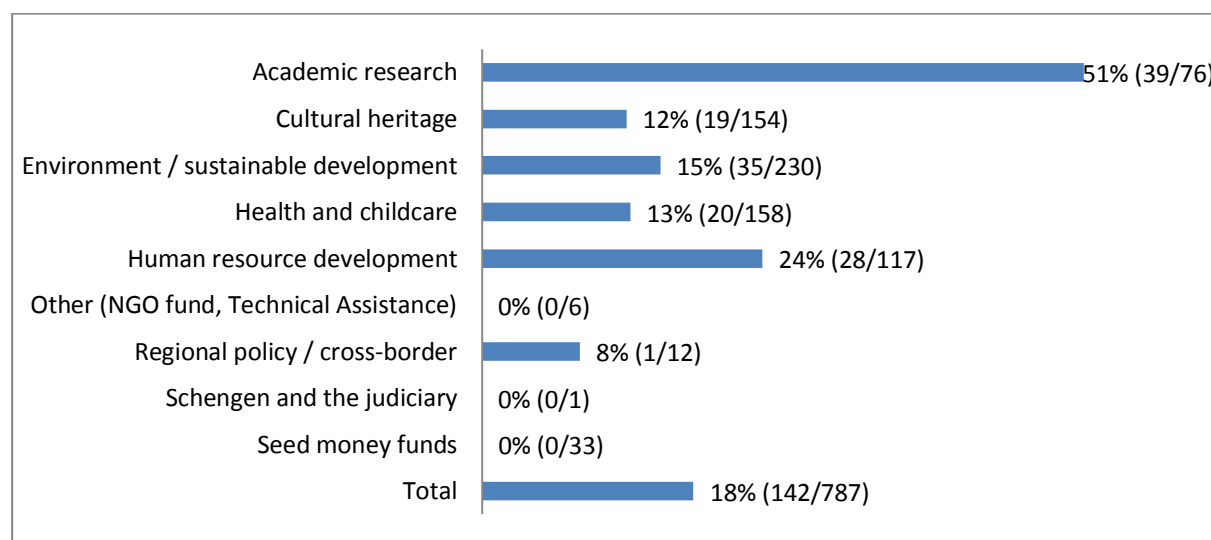


Figure 2.8 Percentage of partnership projects* per sector



2.5 Reviews and evaluations

The donor and beneficiary countries share responsibility for carrying out reviews and evaluations, as well as monitoring and control of projects.

Thirteen external reviews and evaluations of the projects, funds and programmes supported under the EEA Grants (and Norway Grants) 2004-2009 were commissioned to external consultants. Additional reviews and evaluations have also been carried out by the partner countries.

The purpose of reviews and evaluations is to assess the relevance of the support and the extent to which planned results have been achieved, as well as look at the cost-effectiveness and sustainability of the support. Key findings from the evaluations, reviews and consultations provided valuable input for defining the overarching framework and programmes for the EEA Grants 2009-2014.

In 2011, the review of regional development and cross-border cooperation under the EEA Grants 2004-09 was published, with two new evaluations carried out on the academic research and health and childcare sectors. Both evaluations were very positive in terms of achievement of short-term objectives and planned deliverables.

An end-review in the form of a desk study of project completion reports and project implementation reports was carried out between November 2011 and January 2012.

2.5.1 Cultural heritage evaluation

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The cultural heritage evaluation was commissioned by the FMO and conducted by Pitija. It was based on field studies in seven countries (Bulgaria, Hungary, Lithuania, Poland, Romania, Slovakia, and Slovenia) on 26 sample projects. Desk studies of a further 25 projects were undertaken, bringing the total value of the evaluated projects to 27 % of the total grant funds within the cultural heritage sector.

Key findings include:

- The EEA Grants made efficient investment in the restoration of cultural heritage objects possible, including activities around the restored objects.
- The evaluation found many examples of spin-off effects resulting in new activities and new funding after the completion of the evaluated projects.
- Pride in cultural heritage and awareness of its significance increased within communities as well as in local, regional and even national authorities.
- Good results include revitalisation and preservation of buildings, increased visitor numbers, successes in reaching various target groups, and increased management ability within the organisations.
- All of the assessed projects were relevant for the objective of reducing economic and social disparities in the European Economic Area.

The report lists 12 recommendations that are now being followed up. This includes the application process, where the FMO will continue to look at the aspects of how to report on results and the use of indicators when appraising programmes. The FMO will also highlight the tourism perspective to programme operators as it clearly is an advantage to the long-term sustainability of projects results.

2.5.2 Academic research evaluation

The academic research evaluation was commissioned by the FMO and conducted by COWI. It was based on an in-depth study of 5 funds, 7 individual projects and 16 sub-projects that received funding from the EEA and Norway Grants 2004-2009 in 3 countries (Czech Republic, Hungary, and Poland).

Key findings include:

- All funded projects met their immediate objectives and outputs;
- The Grants provided a relevant and significant source of funding, complementing wider EU funding schemes;
- Whilst administrative quality was high, procedures were regarded as cumbersome;
- Research partnerships contributed to strengthened bilateral relations — however ensuring the sustainability of partnerships has proved challenging;
- Partnerships proved a useful tool for enhancing research quality provided the cooperation is based on an overlap in strategic scope with mutual contributions.

Most of the recommendations have been followed-up, with, for example, the introduction of block grants through research programmes to reduce the administrative burden and secure professional selection of research projects. A results-based approach has also been put in place and better guidance provided for the donor state institution partners.

2.5.3 Health and childcare evaluation

The health and childcare evaluation was commissioned by the FMO and conducted by COWI. It was based on an in-depth study of 16 projects in 5 countries that received funding for health and childcare projects from the EEA Grants and Norway Grants (Czech Republic, Hungary, Lithuania, Poland and Romania).

Key findings include:

- Almost all evaluated projects achieved planned deliverables, with some exceeding defined objectives;
- The projects addressed relevant EU challenges, national priorities and local needs — they have had a demonstrable impact on improved health and social conditions for the various target groups and made a significant contribution to the institutional capacity of health and childcare sector;
- Administrative procedures were regarded as time-consuming and complex;
- Establishing partnerships proved challenging with limited participation from relevant donor state partners — this demonstrates the need to provide more structured support for establishing partnerships.

The key recommendations are currently being followed-up: greater delegation to the beneficiary states in the current round should help to simplify administrative procedures, and the comprehensive preparatory work undertaken to find suitable partners should strengthen the bilateral dimension.

2.5.4 Desk study of project end-reports

A desk study carried out between November 2011 and January 2012 studied 672 projects that received funding from the EEA Grants and Norway Grants 2004-2009: 61% Project Completion Reports and 39% Project Interim Reports in the Czech Republic, Latvia, Poland and Romania, jointly representing around 55% of the total number of grant allocations and 63% of the funds awarded in 2004-2009. Key findings include:

- The completion rate of all the projects is 97%;
- More than 90% of the planned results were achieved. This is due to:
 - Careful selection process in beneficiary states and the FMO
 - Proper procedures for reporting and monitoring
 - Projects are relatively small, targeted and focused
- The EEA Grants and Norway Grants are small compared to other funding (equivalent to 2% of the EU funds in the four countries) — making it difficult to draw any conclusions regarding the contribution of the Grants towards development trends in these countries;
- Projects are however focused, targeted and relevant, and they contribute to specific, local reductions of disparities;
- A majority of the project promoters with partnership arrangements consider the partnerships with donor state institutions to be of fundamental importance.

2.6 *Monitoring*

The beneficiary states were responsible for regular project monitoring. In addition, external agencies were contracted by the FMO to carry out monitoring of selected projects through on-site visits to ensure that the grant funds were spent as intended. The FMO commissioned external monitoring of around one-third of all projects. These include the following categories:

- All grants larger than €2.5 million (which were monitored at least once)
- Projects perceived to be at risk (e.g. due to cash flow problems, delayed procurement processes, management problems, unforeseen delays)
- Projects changed significantly after approval
- 5% random selection of all supported projects

Projects of special interest for innovative technologies, or where funds were used for important pilot programmes, were also monitored on-site.

External monitoring activities peaked in 2010, with a further 103 projects monitored in 2011, bringing the total to 413.

In the latter part of 2011, monitoring efforts concentrated on those projects which had received an extension to April 2012 but where more than 40% of the projects still remained to be completed in its final year. Towards the end of the year, the focus shifted to projects where significant results may have been achieved or lessons learned which could provide useful input for the programming 2009-2014. The numbers on page 14 include Norway Grants projects.

Figure 2.9 External project monitoring commissioned by the FMO

<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>Total</i>
<i>13</i>	<i>28</i>	<i>110</i>	<i>159</i>	<i>103</i>	<i>413</i>

Figure 2.10 Reasons for on-site monitoring

<i>5% random selection</i>	<i>Grants larger than €2.5 million</i>	<i>Projects perceived to be at risk</i>	<i>Projects changed significantly after approval</i>	<i>Projects of special interest</i>	<i>Total</i>
<i>63</i>	<i>70</i>	<i>184</i>	<i>45</i>	<i>51</i>	<i>413</i>

2.7 Irregularities and control

The EEA Grants operate a zero-tolerance policy towards corruption and mismanagement. Management is based on the principles of openness, transparency and accountability. The EEA Grants are contributions from public resources in the donor states. Ensuring openness and transparency is essential, both for the implementation of the EEA Grants and for keeping the public informed on the value and achievements of the funding. Whilst mechanisms are in place to ensure that all funding is safeguarded, with large volumes of grant-making and numerous organisations involved, the grant schemes carry potential risks.

A public access policy was adopted in 2011². The FMO also published an irregularities report in 2011. It is updated on a quarterly basis. The report explains the control mechanisms in place and provides an overview of irregularity cases and sanctions prompted.

² The irregularities report and public access policy can be found under Documents/tools on the EEA and Norway Grants website (<http://www.eeagrants.org/id/2395.0>)

3. ROLL-OUT OF EEA GRANT SCHEME 2009-2014

3.1 Management structure

The Financial Mechanism Committee

The decision-making authority for the EEA Grants is the Financial Mechanism Committee (FMC). The committee consists of representatives of the Ministries of Foreign Affairs of Iceland, Liechtenstein and Norway. The FMC draws up policy and guidelines, approves each programme allocation and ensures monitoring, control, and evaluation of the Grants.

National Focal Points and programme operators

A National Focal Point (NFP) represents the beneficiary state in its relations with the FMC regarding the Grants. Most of the NFPs are located within relevant ministries or public agencies which also manage other European funding schemes. The Focal Point has the overall responsibility for reaching the objectives of the Grants as well as management and control of programmes. An annual meeting between the FMC and the NFP review progress and results and make decisions regarding the implementation of the programmes.

Programme operators, mostly public institutions in the partner countries, are responsible for awarding funding to projects according to agreed criteria and monitoring their implementation.

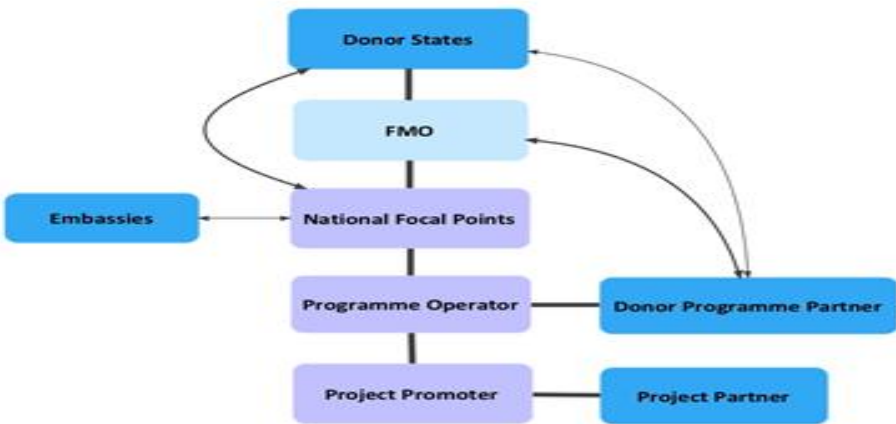
The Financial Mechanism Office

The Financial Mechanism Office (FMO), which is affiliated to the European Free Trade Association (EFTA), administers the funds and acts as the secretariat for the EEA Grants. The FMO reports to the Foreign Ministries of Iceland, Liechtenstein and Norway. The FMO also serves as a contact point for the partner countries. The FMO will, on behalf of the donor states, appraise, monitor and control programmes.

National embassies

The Norwegian embassies in the beneficiary states take part in the dialogue between the donor and beneficiary states, and have an important role in communicating results of the EEA Grants. The embassies do not administer funds.

Figure 3.1: Entities involved in management of the EEA Grants

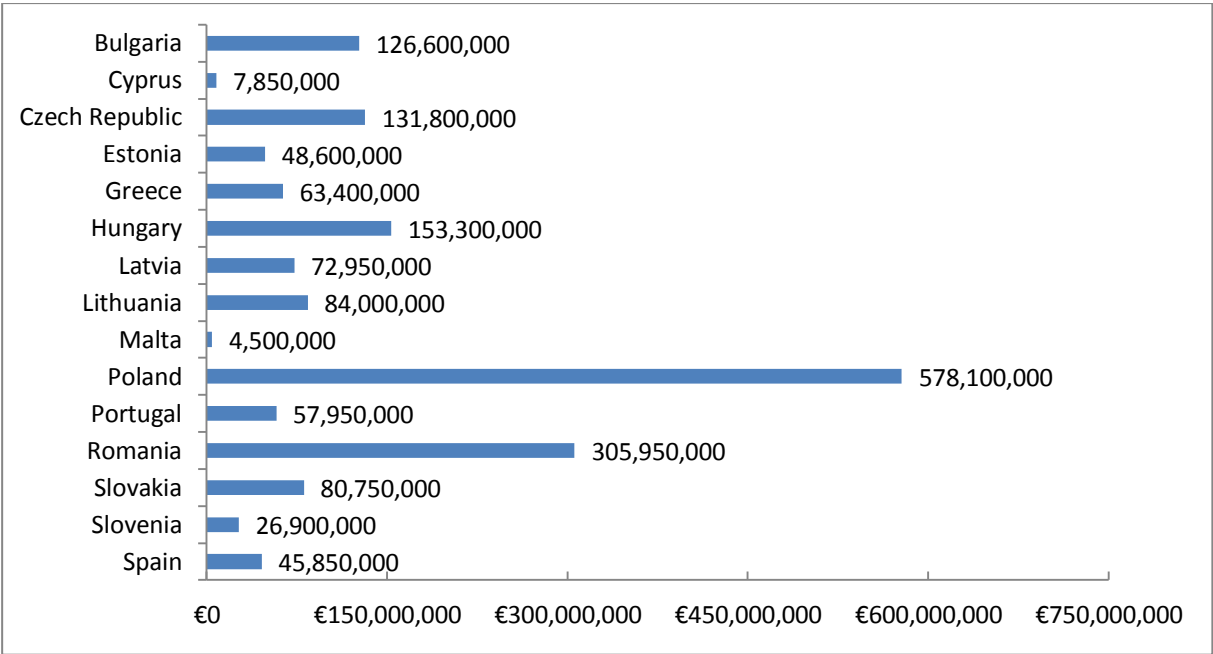


The programmes are subject to screening by the European Commission to ensure that they are line with EU objectives.

3.2 Breakdown of allocations 2009-2014

Following negotiated agreements with the EU, Iceland, Liechtenstein and Norway set aside €988.5 million in funding through the EEA Grants for the period 2009-2014.

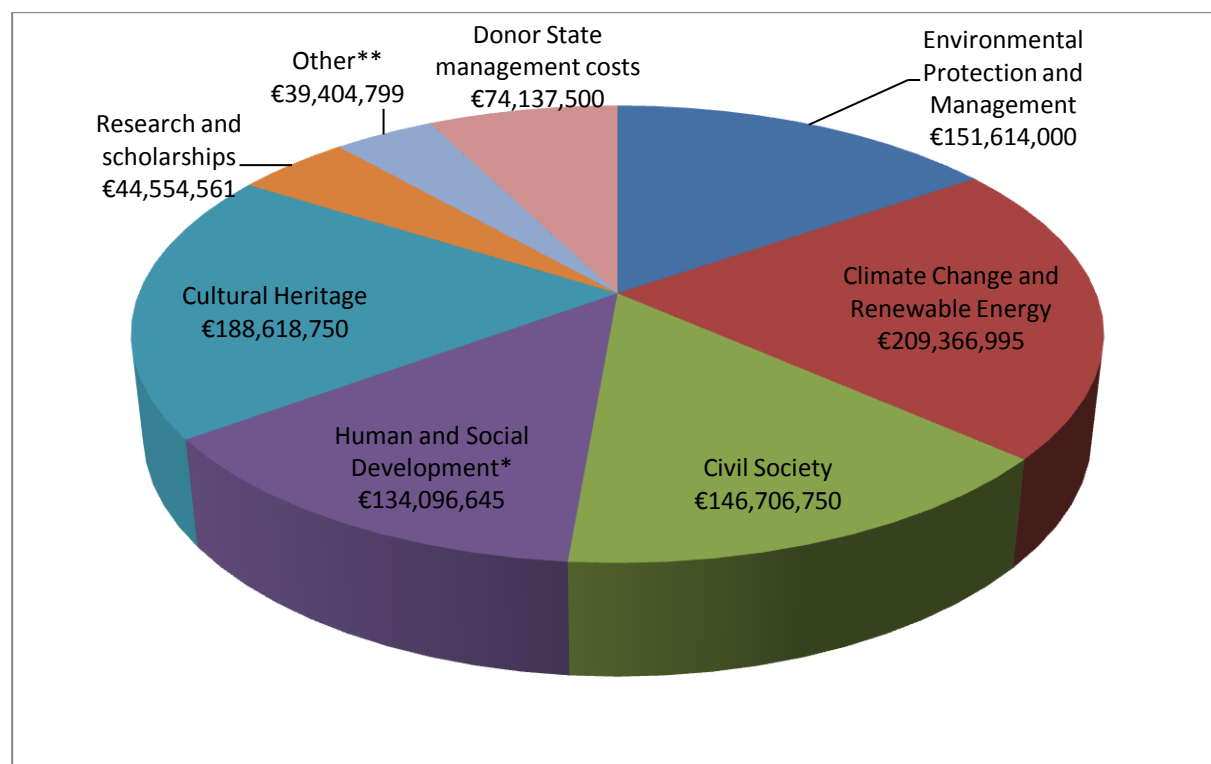
Figure 3.1 Allocation of funds by country (gross allocations in euro)



The funding is targeted at areas where there are demonstrable needs in the beneficiary states, and that are in line with national priorities and wider European shared interests and goals. The new schemes came at a time when many of the beneficiary states had been hard hit by the financial and economic crisis, with unemployment on the rise and social inequalities increasing across Europe.

Environment and climate change represent more than one third of the funding. Significant support continues for civil society, health, children and youth at risk, promoting social inclusion for vulnerable groups, research and scholarships, and cultural heritage.

Figure 3.2 Breakdown of budgeted funds by sector in euro



*Human and social development covers programmes for reduction of social disparities and inclusion through capacity building in the public sector and improvement of the situation for the public and vulnerable groups

**Beneficiary states administration includes funds reserved for completion of projects extended from the 2004-09 period

3.3 Concluding agreements and establishing programmes

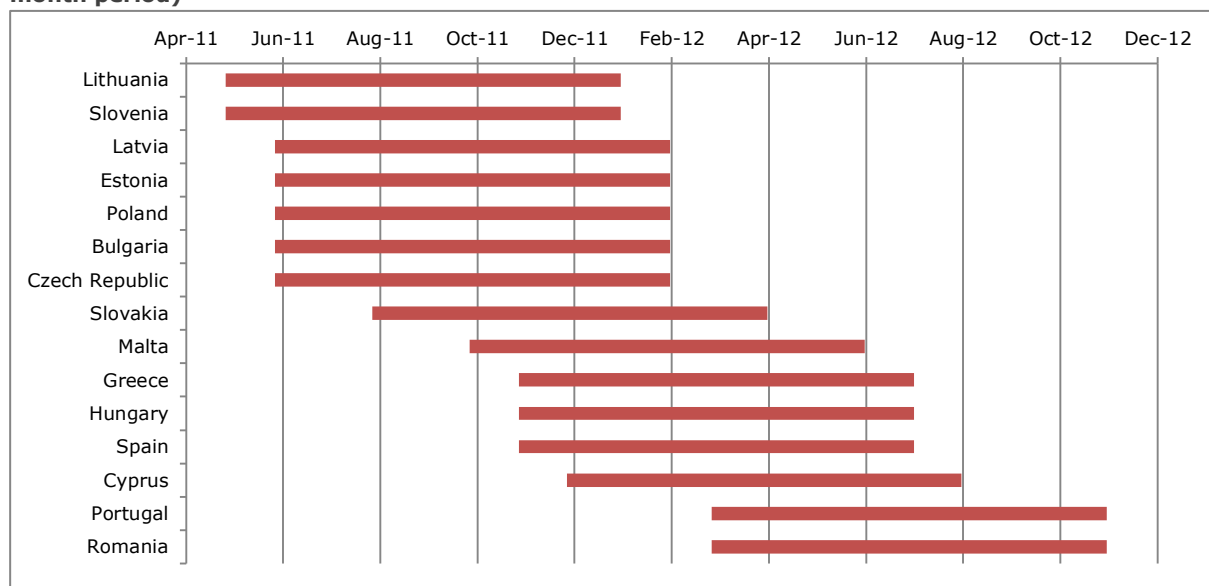
The size and distribution of the EEA Grants to the 15 beneficiary states is agreed between the three EFTA states and the EU through five-year agreements, the last negotiated in 2010. 2011 was dedicated to negotiating and agreeing on the country-specific priorities and concluding [Memoranda of Understanding](#) (MoU).

These agreements define the eligible areas of support, main principles of implementation and management set-up.

The current agreements are for the funding period 2009-2014. Approved programmes have until 2016 to be finalise implementation.

The first MoU was signed with Slovakia in 2010. In 2011, MoUs were signed between the donor countries and 12 beneficiary countries. The remaining MoUs were signed with Portugal and Romania in early 2012.

Figure 3.3 Timeline charting country progress from MoU agreement to programme proposals due (8 month period)



3.4 Strengthening bilateral relations

The agreements of 2010 between the donor states and the EU on the EEA Grants 2009-2014 stipulate two overall, and equally important, objectives:

- to reduce social and economic disparities in the European Economic Area, and;
- to strengthen bilateral relations between the three donor states and 15 beneficiary states.

The countries involved in the EEA Grants are closely linked through strong historical and cultural ties, as well as shared values and geographical closeness. Cooperation takes place at multiple levels; political, institutional, business, technical and cultural.

In 2011-12, the efforts were focused on ensuring a significant bilateral component in all the Memoranda of Understanding. Partnerships in programmes between public entities in the beneficiary and donor states were agreed in all countries, except for Malta where partnerships were agreed at the project level. About half of the approximately 100 programmes are expected to have Donor Programme Partners (DPPs).

Following the signing of MoU-agreements, the Programme Operators and the DPPs cooperate on planning and preparing the applications for funding.

3.5 Developing strategic partnerships

In shaping the new programmes, the EEA Grants have brought on board international organisations to strengthen the expertise and profile of the grants.

The FMO and the Council of Europe signed a cooperation agreement in 2011 on the EEA Grants. The Council of Europe is directly involved as a partner in a number of programmes

and projects in the beneficiary states in important areas such as children and youth at risk, human rights and social inclusion.

In 2011, the FMO entered into an agreement with Transparency International (TI), under which both donor and beneficiary states can draw on the expertise of this organisation to address corruption risks in the planning and implementation of the grant schemes at country and programme level. One of the core tasks of TI will be to assess the overall integrity systems in the beneficiary states and develop a methodology for risk assessment.

3.6 New guidelines and policies

A series of guidelines were adopted during the course of 2011-2012. These aim to complement existing provisions and provide practical guidance for the development and implementation of several sector programmes, for evaluation and communication activities and for work on bilateral relations.

3.6.1 NGO Programmes Guideline

Support to civil society is one of the key priorities under the EEA Grants 2009-2014. This commitment reflects recognition of non-governmental organisations (NGOs) as a fundamental building block in the development of fair, democratic and sustainable societies in Europe.

The purpose of the NGO Guideline, approved in 2011, is to clarify specific references in the EEA Grants Regulation relevant to the programme area 'Funds for Non-governmental Organisations'. It is also designed to provide guidance to Focal Points and Programme Operators on specific sector-related issues for the development and implementation of NGO programmes in the beneficiary states.

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3.6.2 Scholarship Programmes Guideline

The purpose of the Scholarship Guideline, approved in 2011, is to clarify specific references relating to Scholarship programmes in the Regulations on the EEA and Norway Grants, as well as to provide guidance to Programme Operators in the development and implementation of Scholarship programmes.

The approach presented in the Guidelines is based on proposals and best practice resulting from monitoring activities and evaluation of the Scholarship funds in the 2004-2009 funding period, and on feedback from beneficiary states during the consultation process.

3.6.3 Evaluation Guideline

The Evaluation Guideline, approved in October 2011, sets out the core methodology and key processes and tools for designing and conducting project and programme evaluations under the EEA Grants. This aims to improve the efficiency and effectiveness of programme and project evaluations, and thereby help to respond to growing demands for greater public accountability in both the donor and beneficiary states on how assistance is used.

3.6.4 Bilateral Guideline

The purpose of the Guideline for strengthened bilateral relations is to provide guidance and ideas for how to plan, implement and report results towards the bilateral objective of the EEA and Norway Grants. The guideline further elaborates on measures and tools put in place to achieve strengthened bilateral relations, such as the bilateral funds at national and programme level, donor programme partnership, mechanisms to facilitate donor project partnerships, bilateral indicators as well as reporting requirements. The guideline was shared with all beneficiary states for comments before it was adopted by the Financial Mechanism Committee in March 2012.

3.6.4 Communication and design manual

The FMO published a Communication and Design Manual in December 2011 which aims to provide a user-friendly practical guide to translate the Information and Publicity Requirements for the Grants (Annex 4 of the Regulation) into concrete communication strategies, plans and activities. As well as providing advice and guidance, the manual includes all the necessary technical information and specifications for logos, visual identity, and boilerplate texts and templates for publications, media activities and websites to support partners, and ensure consistent and coherent communication of the Grants.

3.6.5 Communication strategy guidance

Further guidance notes were also drawn up to assist both Focal Points and Programme Operators with developing communication strategies and plans. The guidance material sets out details of what information should be contained in the plans as well as some recommendations and suggestions.

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3.6.6 Public access policy

In accordance with the guiding principles of openness and transparency which underpin the EEA Grants, the donor states adopted a new public access policy, which includes a series of proactive measures to provide access to key documents. A new report on irregularities was also developed and made available online (see 2.7). Preparations were undertaken to establish a new electronic public register of documents, which will increase transparency and facilitate access to documents for the public.

3.6.7 Risk management

For the funding period 2004-2009, the FMO put in place a system for risk management. This has been further developed, and for the funding period 2009-14 a risk management strategy has been adapted. All programmes are subject to a risk assessment.

4 COMMUNICATION AND EVENTS

Throughout the course of 2011-2012 communication and publicity activities informed on the results and achievements, of opportunities afforded by the EEA Grants for beneficiaries, the general public and the media — critical for ensuring transparency and accountability.

Publications and reports

The [Status Report](#) published in October 2011 provided an overview of results and achievements from the 2004-2009 funding period and outlined opportunities for 2009-2014. It included information on EEA Grants support within sectors and countries, and an insight into economic and social trends and challenges in the region.

Other reports and brochures published during the year include a thematic report outlining support to civil society 'Empowering NGOs to make a difference' and a series of country factsheets.

Annual reports on the EEA Grants and the Norway Grants were also produced for the Norwegian Ministry of Foreign Affairs, the Financial Mechanism Committee and to the Standing Committee of the EFTA States. The FMO contributed to a number of EFTA reports and papers, such as the 'EFTA Annual Report 2010', 'This is EFTA 2011', the Liechtenstein Chair Final Report, the Work Programme of the Icelandic Chair, EEA Council Conclusions, EEA Joint Committee Progress Report and ministerial meetings.

Visual identity and web revamp

A new visual identity, including new logos, was introduced and work initiated to revamp the existing www.eeagrants.org website (aiming for completion in 2012).

Events

Events that were organised in 2011-12 include the following:

- *Closing and launch events*

A number of closing events for the EEA Grants 2004-2009 and some launch events for the EEA Grants 2009-2014 were organised in the beneficiary countries during 2011. Both the FMO and the donor states participated in, and contributed to, most national events, with the Norwegian Embassies often involved in planning, organisation and publicity work.

5 ADMINISTRATION

5.1 Management costs

Upper limits for donor management costs in the funding period 2004-2009 were 4% for the EEA Grants. In the funding period 2009-2014, the upper limit has increased to 7.5%, due to the inclusion of expenses to Donor Programme Partners (DPPs), as well as appraisal and monitoring costs which were previously taken from the allocations to the beneficiary states. Management costs of national entities designated for the implementation of the EEA Grants are allocated through funds for technical assistance (TA).

Below is an overview of expenses in 2011. The figures for the beneficiary states (BS) represent the reimbursement claims from the TA funds in the countries in 2011.

Table 5.1 Administrative expenses 2011

2011	EEA Grants
Donor States (DS) management costs	
2004-09 funding period	€2,485,824
2009-14 funding period	€2,904,604
Total DS management cost	€5,390,428
Beneficiary states (TA)	
2004-09 funding period	€1,958,408
2009-14 funding period	€0
Total TA to BS	€1,958,408
Total administrative expenses	€7,348,836

*Expenses to Donor Programme Partners were approximately €1.5 million in 2011

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5.2 Staffing and reorganisation

In tandem with the launch of the new programming period, the FMO reorganised during the autumn of 2011, phasing out the division of staff in units with responsibilities for each programming period. A new Deputy Director post was created with four separate units established on Countries, Sectors, Finance and Legal Affairs. The bilateral team was also strengthened. Units for Communication, Reporting and Evaluation and for Administration and Donor Relations continue as before. A regularly updated overview of the organisation and staff is available online: <http://www.eeagrants.org/id/75.0>

Per 30 April 2012 the FMO had 50 fixed-term staff and 7 trainees, coming from 14 countries*. The gender balance was 23 men and 34 women with the management team consisting of 4 women and 3 men.

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* Belgium, Czech Republic, Germany, Greece, Hungary, Iceland, Italy, Northern Ireland, Norway, Poland, Romania, Slovakia, Slovenia, Sweden