



# ANNUAL STATUS REPORT TO THE EFTA STANDING COMMITTEE

## 2012

Annual Status Report on the EEA Grants from the  
Financial Mechanism Committee to the EFTA Standing Committee  
5 March 2013





## EEA Grants: at a glance

Through the EEA Grants, **Iceland, Liechtenstein and Norway** contribute to reducing economic and social disparities in **15 EU countries** in Central and Southern Europe.

Strengthening **bilateral relations** is also an overall objective of the EEA Grants. To enhance cooperation, partnerships between organisations in the donor and beneficiary countries are widely encouraged.

For the period 2009-2014, **€988.5 million** has been set aside under the Grants. So far, Norway has provided 95.6% of this, Iceland 3.3% and Liechtenstein 1.1%. Projects may be implemented until 2016. Funding is channelled through **93 programmes** in the 15 beneficiary countries. This compares with €672 million available for the period 2004-2009 which culminated in funding for around 780 projects in 15 countries.

The priority sectors for these funds are environmental protection and management, climate change and renewable energy, civil society, human and social development, protecting cultural heritage and research and scholarships. Horizontal issues and specific concerns are present across the Grants. Strengthening fundamental rights, democratic development and rule of law are key concerns in the Grants. Particular attention is paid to social inclusion for Roma, combating discrimination and hate speech, promoting tolerance and multicultural awareness.

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

**Donor countries:** Iceland, Liechtenstein and Norway.

**Beneficiary countries:** Bulgaria, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia and Spain.

The annual status 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 year ending 31 December 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 operates as the secretariat for managing the Grants on behalf of these donor states.

The report provides an overview of results and challenges related to implementation of the project portfolio from the funding period 2004-2009 and summarises the implementation status of the EEA Grants 2009-2014. Underlining major areas of operational focus during 2012, the report includes key indicators and the main activities carried out. Unless otherwise stated, data refer to programmes, projects and funding from the EEA Grants as well as joint initiatives by the EEA and Norway Grants. A separate report referring to the EEA *and* Norway Grants is prepared for the Norwegian Ministry of Foreign Affairs.

An in-depth annual report presenting aims, results and achievements in the beneficiary countries for the funding period 2009-2014 will be prepared during the second quarter of 2013 by the three donor countries.

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## **1 Highlights in 2012**

The focus in 2012 shifted further in the direction of the new Grants period and, in particular, to programme development. Attention was also given to finalising the Grants from 2004-2009 and, through monitoring and evaluation, to understanding successes and what could have been improved.

### ***Finalising the 2004-2009 Grants***

The key results in 2012 from the 2004-2009 Grants period underline that:

- funding has had a positive impact within the prioritised areas by bringing about specific reductions in disparities, in particular where EU funding is limited, for example through a targeted approach to vulnerable groups (see End-Review - EEA and Norway Grants 2004-2009);
- 90% of the selected projects had been completed as planned and 87% of projects exhibited good quality for the grant money spent;
- in 2012, 274 projects of a total 779 projects from the 2004-2009 financial period were formally closed. Remaining projects will be closed during 2013;
- total disbursements for the EEA Grants stood at €552m, equivalent to an overall disbursement rate of 85.5%. This will increase as remaining projects are closed.

### ***Launching the 2009-2014 Grants***

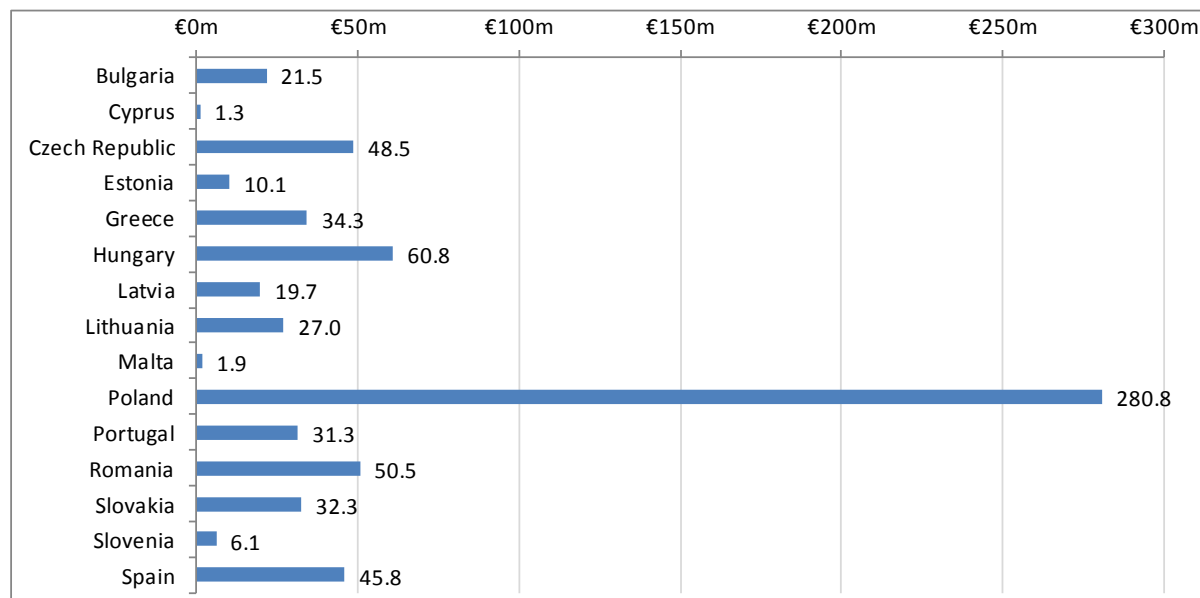
The programme approach steers the Grants towards two overall objectives – reducing economic and social disparities in the European Economic Area and strengthening bilateral relations between beneficiary and donor countries. In line with this approach, work in 2012 has focused on:

- strategic partnerships, which are a key feature of this programming approach and which are expected to bring expertise, results and value;
- ensuring a strong bilateral aspect in all programmes. By the end of 2012, 49 programmes had a donor programme partner, involving 15 different donor state entities and the Council of Europe;
- assuring good governance, sustainable development and gender equality.
- helping to protect human rights, and empower vulnerable groups, such as minorities and Roma;
- appraising programme proposals and preparing Grant recommendation documents for the donors. By the end of 2012, 83 programmes had been received, 38 grant recommendation documents prepared by the FMO and 34 programmes approved by the donors;
- managing for results, which does not only mean setting clear objectives and indicators, but also identifying, analysing and responding to risks. In particular, the risk management approach was reinforced in 2012 and adapted to the programme model. This involved updating the strategy, recording and refining country risk assessments, integrating risk assessment into the grant recommendation documents and developing a variety of risk mitigation actions;
- increasing knowledge and awareness about the EEA Grants and their results in beneficiary countries, donor countries and EU circles. Communication activities have helped to raise awareness about results and achievements, as well as new opportunities for funding. A new EEA and Norway Grants website was developed in 2012 and launched in early 2013;
- improving performance data availability, quality and in-house communication. The Documentation, Reporting and Information System (DoRIS), which stores quantitative and qualitative data, and an FMO intranet were both launched in 2012.

## 2 The 2004-2009 Grants

Through €672m in support, the EEA Grants have sought to contribute to reducing economic and social disparities in 15 beneficiary countries in Central and Southern Europe.

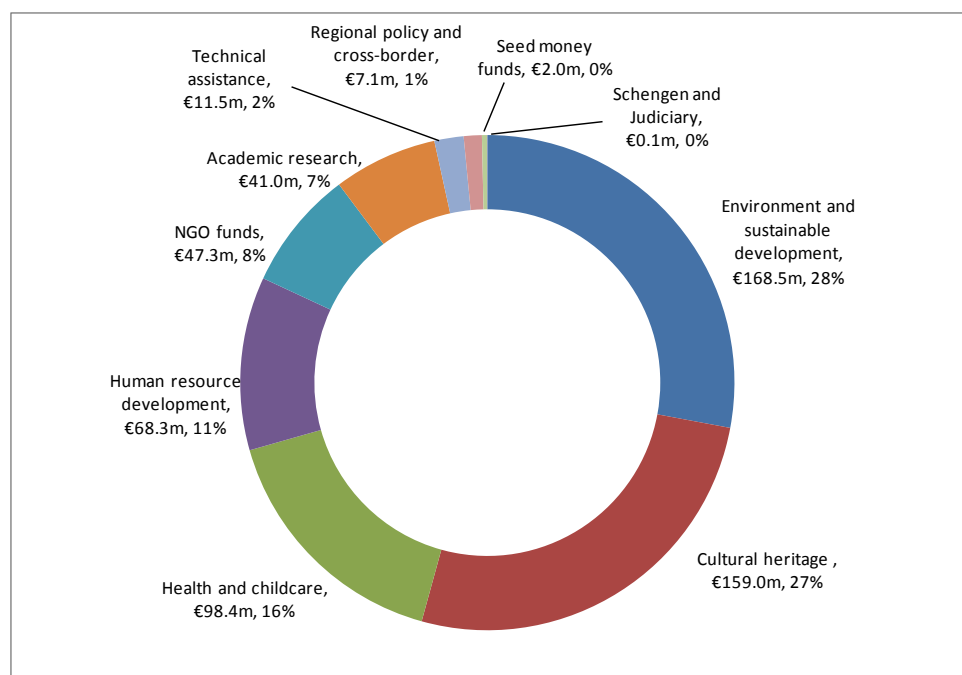
Figure 1: Distribution of funds by country, gross allocations in million €



Note: The gross allocation is the *total* amount made available to a beneficiary country, including an amount set aside for donor state management costs. Data are rounded to one decimal place.

The Grants have provided support in the main areas of environment and sustainable development (€168.5m), cultural heritage (€159.0m), health and childcare (€98.4m) and human resource development (€68.3m).

Figure 2: Distribution of funds by sector, current net commitments in million € and %



Note: Donor state management costs are excluded from net commitments.

## 2.1 Implementation status

In 2012, 274 projects from the 2004-2009 financial period were formally closed, bringing the total number of closed projects to 614. Total disbursements at end-2012 were €552m. This is equivalent to an overall disbursement rate of 85.5% (compared to net allocations).

**Table 1: Project status and disbursements per country by end-December 2012**

	Total projects supported	Closed projects			Discontinued projects	Commitments (in million €) *	Disbursements (in million €) *	Disbursed (in %) **
		in 2012	Total	(%)				
Bulgaria	46	25	30	65%	2	19.27	16.71	81.0%
Cyprus	2	1	1	50%	0	1.21	1.19	98.1%
Czech Republic	73	28	64	88%	0	46.60	45.03	96.6%
Estonia	12	3	12	100%	0	9.31	8.76	90.5%
Greece	48	5	5	10%	13	23.90	9.88	30.0%
Hungary	48	32	35	73%	7	49.20	45.90	78.7%
Latvia	27	14	22	81%	0	18.93	17.27	91.2%
Lithuania	42	18	34	81%	1	25.30	23.66	91.3%
Malta	5	1	4	80%	0	1.84	1.80	97.8%
Poland	294	63	268	91%	2	264.79	256.10	95.0%
Portugal	30	21	21	70%	0	29.21	25.96	86.4%
Romania	42	27	27	64%	1	46.38	35.54	73.3%
Slovakia	79	22	74	94%	4	28.45	26.02	83.8%
Slovenia	10	5	8	80%	0	5.88	5.27	89.8%
Spain	21	9	9	43%	0	41.82	32.57	74.0%
<b>Total</b>	<b>779</b>	<b>274</b>	<b>614</b>	<b>79%</b>	<b>30</b>	<b>612.11</b>	<b>551.68</b>	<b>85.5%</b>

\* Includes appraisal, monitoring and evaluation. \*\* Disbursements are calculated as a % of the net allocation to countries i.e. excluding donor state management costs.

## 2.2 Creating partnerships

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 in areas such as research, scholarships, capacity building, cultural heritage and civil society.

## 2.3 Main results and key findings from monitoring, review and evaluation

An evaluation report and an end-review were submitted in 2012 alongside post-completion project monitoring to accompany the regular monitoring exercises.

These reviews and evaluations have assessed the sustainability, relevance, achievements and cost-effectiveness of the projects. As well as pointing to the successes and areas that could be improved, they provide valuable input for continued programming improvements for the EEA Grants 2009-2014.

The end-review underlined that funding has had a positive impact within the prioritised areas by bringing about specific reductions in disparities, in particular where EU funding is limited, for example through a targeted approach to special vulnerable groups. Overall indicators for the Grants in 2004-2009 also point to a strong overall performance. For example, environment sector targets exceeded plans in terms of wastewater treatment, CO<sub>2</sub> reduction, sewer construction and modernisation of heating lines. In cultural heritage, good results can be seen in terms of conserving items and especially protection of heritage through digitisation.

### **2.3.1 Monitoring and audit**

During 2012, the Financial Mechanism Office (FMO) and the donors agreed to carry out post-completion monitoring site visits of 40 projects from across the EEA and Norway Grants and 15 countries to understand the degree to which the project purpose and targets have been achieved, whether the projects represented value for money, were aligned with the Grant Agreement, or if the project management was of good quality. Half of the projects were selected randomly and the other half were based on such risks as country, project, financial, legal or organisational. The monitored projects represented about 6% of total grant funding.

Findings were overall very positive, with the majority of project monitoring reports confirming that the projects have been completed as planned. For example, 90% of projects implemented the activities as planned and 79% reached the planned targets, or indicators. If this is lower than expected, this is partly due to unrealistic or irrelevant initial indicators since, overall, 87% of projects exhibited good quality for the grant money spent. Efficient and effective organisational practices were also evident: 95% of project invoices were paid on time and over 90% exhibited strong management and administration of reports and procurement.

Nevertheless, significant challenges were highlighted for further examination in five of the 40 projects (12.5%). Positive and negative findings alongside a list of projects considered to be 'best practice' provided lessons learned.

Additional audits by the EFTA Board of Auditors for Latvia and Bulgaria are positive. Both audits showed that there were no material findings.

### **2.3.2 Irregularities**

The Grants are guided by the principles of transparency at all levels to ensure their efficiency and keep the public informed on the implementation and achievements of the funding. Zero-tolerance to corruption and mismanagement has been a guiding principle underlying the implementation of the Grants.

Aiming to explain the control mechanisms in place to ensure that the money is spent correctly, how checks are performed, and what action is taken in cases where funds are not being managed well, a report on irregularities is updated and made accessible to the public on a quarterly basis. The report gives an overview of all closed irregularity cases from 1 May 2004 to present.

In the 2004-2009 period, and for the EEA and Norway Grants taken together, the FMO registered 185 cases that might involve a breach of rules in using the grant funding. Nearly all of the closed cases relate to errors and not fraud. According to the latest assessments, only four of 779 committed projects under the EEA Grants have involved fraudulent activity

## **3 The 2009-2014 Grants**

Several key features characterise the approach for the 2009-2014 period. The first is strategic, where a move from a project to a programme approach aims to strengthen focus and to mutually reinforce the various elements of the programme. This is accompanied, second, by additional importance being placed on partnerships between donor and beneficiary countries as well as with international organisations. This not only helps to augment the profile of the Grants but also the expertise that is

available to support implementation and results. A third key development is added emphasis on programme outcomes in line with a results based management approach. This not only steers the programmes towards two key overall objectives – reducing economic and social disparities in the European Economic Area and strengthening bilateral relations between beneficiary and donor countries – but also aims to encourage a focus on actual outcomes and evidence-based understanding of what works well and what could be improved. Finally, risk management has been reinforced to strengthen understanding and regular monitoring of risks at all levels.

### 3.1 Strategic focus of the 2009-2014 Grants

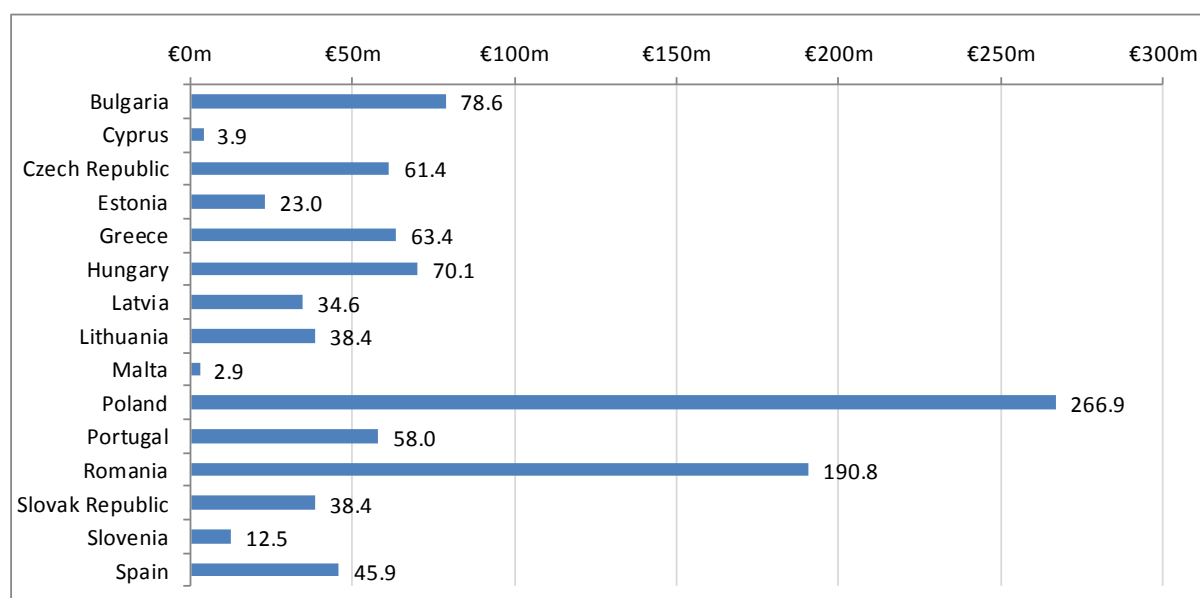
Providing €988.5m in funding, the EEA Grants for the period 2009-2014 target demonstrable needs and priorities in beneficiary countries in line with broader European policy to create a smarter, greener and more inclusive European economy, and such flagship initiatives as the European platform against poverty and social exclusion and a resource efficient Europe.

These grants also come at a time when many beneficiary countries are deeply affected by continuing financial and economic concerns. Unemployment and especially youth unemployment rates are extremely high in many countries and are still rising, while equality and diminishing tolerance are major concerns.

#### 3.1.1 Country allocations

The EEA Grants (€988.5m) are available to 15 European countries (Figure 3). Funding is set aside to support donor programme partnerships and provide technical assistance to the beneficiary countries. Additional funding is available at the national level for bilateral relations. Excluding these items, the overall allocation available for commitment to countries is €875m or higher, depending on the use of the reserve (88.5% of the total, Table 2).

Figure 3: Allocation of funds by beneficiary country, gross allocations in million €



Note: Gross allocations are the *total* amount made available to a beneficiary country, including an amount set aside for the donor state management costs. Donor state management costs are excluded from net allocations.



**Table 2: Grants, donor state management costs, technical assistance and funds for bilateral relations in million € and %**

	Gross allocations	Donor state management costs (including participation of DPPs)	Other (Technical assistance,)			Allocation available for commitment
	Million €	%	Technical assistance to the beneficiary state %	Funds for bilateral relations at national level %	Reserve %	%
Bulgaria	78.6	7.5	1.5	0.5	1.4	89.1
Cyprus	3.9	7.5	1.5	0.5	0.0	90.5
Czech Republic	61.4	7.5	1.5	0.5	0.0	90.5
Estonia	23.0	7.5	1.5	0.5	0.0	90.5
Greece	63.4	7.5	1.2	0.5	13.2	77.6
Hungary	70.1	7.5	1.5	0.5	5.0	85.5
Latvia	34.6	7.5	1.5	0.5	0.0	90.5
Lithuania	38.4	7.5	1.5	0.5	0.0	90.5
Malta	2.9	7.5	1.0	0.5	0.0	91.0
Poland	266.9	7.5	1.5	0.5	0.0	90.5
Portugal	58.0	7.5	1.5	0.5	5.0	85.5
Romania	190.8	7.5	1.5	0.5	1.1	89.4
Slovakia	38.4	7.5	1.5	0.5	5.0	85.5
Slovenia	12.5	7.5	1.5	0.5	0.0	90.5
Spain	45.9	7.5	1.5	0.5	0.0	90.5
<b>TOTAL</b>	<b>988.5</b>	<b>7.5</b>	<b>1.5</b>	<b>0.5</b>	<b>2.0</b>	<b>88.5</b>

\* Expenditure on technical assistance is subject to a maximum of 1.5% of the total country allocation and is fixed between the beneficiary country and the Financial Mechanism Committee.

\*\* Reserve for projects under the previous financial mechanism 2004-09 and for unforeseen developments.

\*\*\* Final allocation is dependent upon the reserve and is subject to change.

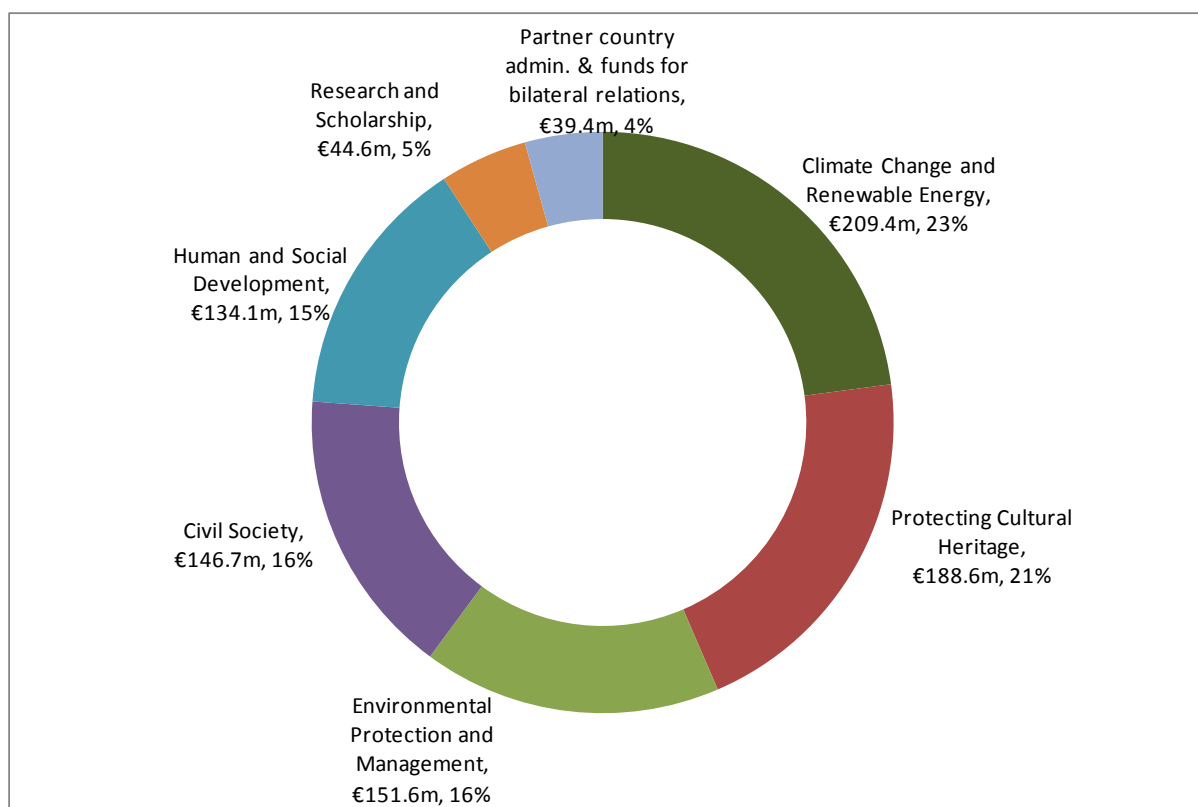
### 3.1.2 Sectoral allocations

Significant funding is available for the priority sector protecting cultural heritage, where more than two in every 10 euros from the EEA Grants is allocated (Figure 4). Funds for Non-Governmental Organisations through the civil society priority sector receive €146.7m (16%) while human and social development, which includes children and youth at risk, promoting social inclusion for vulnerable groups, public health initiatives and mainstreaming gender equality, makes up a further €134.1m (15%) of funding.

More than one third of funding is currently allocated to green issues in line with broader European policy on climate change, renewable energy and energy efficiency. Grant allocations for the two 'green' priority sectors account for 39% of total net allocations. These are the sectors that represent the most growth in comparison to the previous Grant period in which 28% of net allocations were geared towards the environment and sustainable development. In some countries, for example, Bulgaria, Malta, Poland, Portugal and Spain, initial allocations steered towards the green priority sectors represent between 40% and 50% of total country allocations (Figure 5).

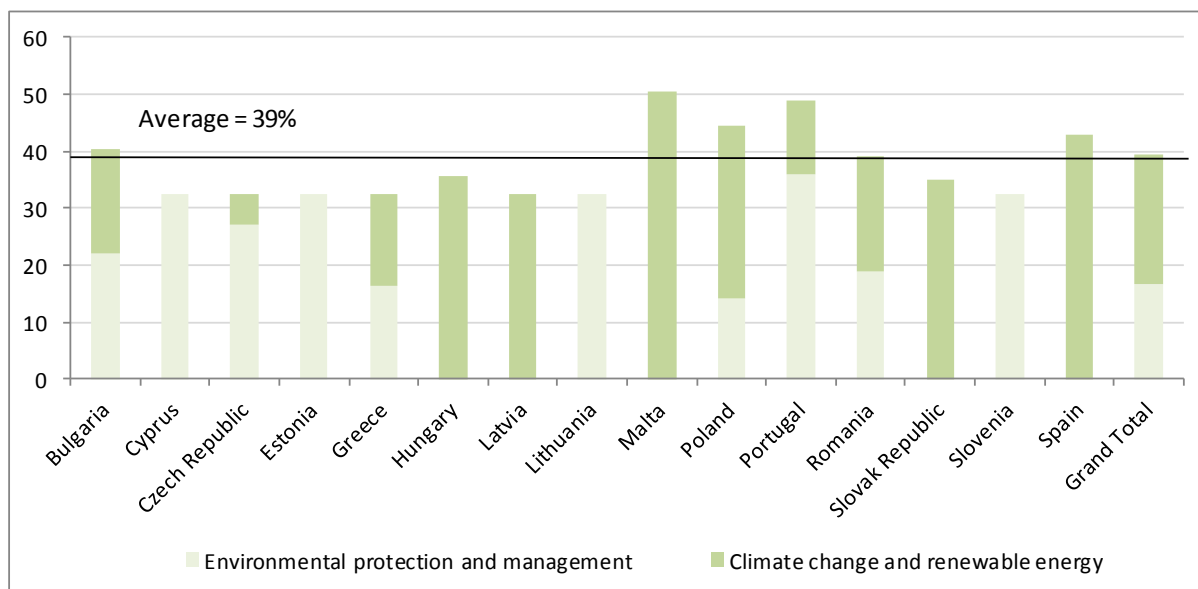
Within these sectors, programmes on climate change and renewable energy aim to contribute to a reduction in emissions of greenhouse gases, air pollutants and vulnerability, as well as to increase renewable energy use through, for example, improving energy efficiency of buildings, industry and transport or increasing renewable energy production, use and capacity.

**Figure 4: Breakdown of budgeted funds by priority sector, net allocations in million € and %**



Notes: Donor state management costs are excluded from net allocations. Beneficiary countries' administration includes funds reserved for completion of projects extended from the 2004-2009 period.

**Figure 5: Grant allocations in green sectors by country, % of total country net allocations**



### 3.1.3 Programme area allocations

The detailed programme area allocations in Table 3 show the importance of several programme areas across beneficiary countries, for example funds for non-governmental organisations, conservation and revitalisation of important European cultural and natural heritage and scholarships. The first two areas also show the most overall funding.

**Table 3: Net allocations by priority sector, programme area and country, million €**

		Net allocations in million €															
		BG	CY	CZ	EE	EL	HU	LV	LT	MT	PL	PT	RO	SK	SI	ES	Total
Environmental Protection and Management	Integrated marine and inland water management	8.00			6.90	9.51			5.00			19.25					48.66
	Biodiversity and ecosystem services	8.00	1.16	12.28					6.52		20.00		15.00		1.95		64.91
	Environmental monitoring and integrated planning and control			3.07							15.00		8.18		1.80		28.05
	Reduction of hazardous substances												10.00				10.00
Climate Change	Energy efficiency	6.63					8.41				37.50		8.00				60.54
	Renewable energy	6.63				9.51	7.71		0.85	37.50	4.00	8.00					74.20
	Adaptation to climate change			3.07			7.01	10.37	0.50		3.00	5.00	12.46				41.41
	Maritime sector												15.00				15.00
	Environmental and climate change-related research and technology															18.22	18.22
Civil Society	Funds for non-governmental organisations	11.79	1.32	9.81	2.30	6.34	12.62	10.37	5.50	0.50	37.00	5.80	30.00	6.90	1.88	4.59	146.71
Human and Social Development	Children and youth at risk	7.86	0.39	4.30	6.51		11.22		6.31				11.00				47.58
	Local and regional initiatives to reduce national inequalities and to promote social inclusion			1.24							9.54		11.00	1.00			22.79
	Public health initiatives (EEA grants)	5.65									10.00	10.00					25.65
	Mainstreaming gender equality and promoting work-life balance (EEA grants) Institutional framework in the asylum and migration sector						20.87					2.50	4.52		10.19		17.21
Protecting Cultural Heritage	Conservation and revitalisation of cultural and natural heritage	14.00	0.62	18.42	4.51		11.22	10.02	9.00	0.79	60.00	4.00	14.00	10.51	5.06	4.09	166.23
	Promotion of diversity in culture and arts within European cultural heritage			3.07					1.00		10.00	1.00	6.82		0.50		22.39
Research and Scholarship	Research within priority sectors					3.00							20.00				23.00
	Scholarships	1.50	0.31	0.60		1.75	0.52	1.42		5.00		4.00	1.92	0.63	3.92		21.56
Beneficiary states' administration and funds for bilateral relations		2.64	0.08	1.23	0.46	9.42	4.91	0.69	0.77	0.04	5.34	4.06	5.92	2.68	0.25	0.92	39.40
<b>Total</b>		<b>72.71</b>	<b>3.56</b>	<b>56.80</b>	<b>21.28</b>	<b>58.65</b>	<b>64.84</b>	<b>31.96</b>	<b>35.52</b>	<b>2.68</b>	<b>246.88</b>	<b>53.60</b>	<b>176.44</b>	<b>35.47</b>	<b>11.56</b>	<b>42.41</b>	<b>914.36</b>

### 3.1.4 Cross cutting issues and horizontal concerns

Strengthening fundamental rights, democratic development and rule of law are horizontal concerns in the EEA Grants 2009-14. Horizontal concerns cut across priority sectors and programme areas in all beneficiary states. Specific attention is given to initiatives supporting the inclusion of minorities and vulnerable groups, and in particular the Roma minority, combatting discrimination and racism as well as promoting tolerance and multi-cultural awareness. A particular focus in 2012 has been tackling hate speech online. In cooperation with the beneficiary states and other international institutions in the field, attention has been paid to integrating this issue into the programmes. This will continue in 2013. In addition, the principles of good governance, sustainable development and gender equality are cross-cutting issues to be safeguarded by all initiatives supported by the Grants.

### 3.1.5 Strengthening bilateral relations

The EEA Grants 2009-2014 involve an unprecedented number of institutions and individuals in new partnerships between Norway, Iceland and Liechtenstein and 15 beneficiary countries aimed at reducing social and economic disparities in Europe, but also strengthening political, professional, social and economic ties.

### ***Donor programme partnerships***

Throughout 2012 there has been a strong focus on ensuring a strong bilateral aspect in all programmes. To enhance cooperation and exchange, more than half of the programmes involve cooperation with donor programme partners (DPPs). These partnerships were mutually agreed between the donor and beneficiary countries during the negotiation of the memoranda of understanding.

There are 49 programmes with a donor programme partner, involving 15 public entities from the donor countries as well as the Council of Europe. Furthermore, 31 pre-defined projects had a partner from the donor countries by the end of 2012.

The programme partnerships promote professional cooperation between public authorities at policy level. The DPPs cooperate with the programme operators by:

- providing advice and assistance in the programme strategy, design or implementation e.g. preparing calls;
- facilitating networking between the programme operator and potential project promoters and/or project partners from the donor countries;
- advising on and reaching out to possible donor country project partners;
- advising on possible activities within the programme to strengthen the bilateral aspect.

Throughout 2012, several DPPs have taken part in and facilitated different events and outreach, such as launching events, matchmaking events, information meetings and networking.

### ***Bilateral funds at national and programme levels***

In addition to programme and project support, 0.5% of the beneficiary countries' allocation is available to develop bilateral cooperation and activities of bilateral interest with the donor countries. The National Focal Points are in charge of the funds on the basis of work plans agreed with the donor countries. In 2012, three work plans were approved. The others are expected to be formally approved in early 2013. In 2012, most national level bilateral fund spending was geared towards preparing the ground for bilateral cooperation within the programmes.

At the programme level, an additional 1.5% of funds is set aside to promote partnerships and bilateral cooperation within programmes.

### ***Guidelines***

In 2012, a guideline for strengthening bilateral relations was adopted. As well as outlining the measures and tools in place to achieve strengthened bilateral relations this document provides guidance for planning, implementing and reporting on results concerning the bilateral objective of the EEA Grants. A further step-by-step guide developed in 2012 provides potential project partners with information on how to get involved in the grants scheme.

#### **3.1.6 International partnerships**

Strategic partnerships are a key feature of the approach to the EEA and Grants for 2009-2014. Partnerships with the Council of Europe and Transparency International are expected to bring expertise, results and value.

The Council of Europe provides strategic advice as well as technical input and know-how. It is an active partner in several pre-defined projects in the areas of justice, human rights, education and social inclusion. The Council of Europe is also engaged as a donor programme partner in four specific programmes in different countries.

Through the framework agreement with Transparency International special attention is being given to corruption risk associated with the grant management processes within beneficiary countries. Such cooperation also aims to assist countries with their own risk assessments and provide advice on how to tackle corruption.

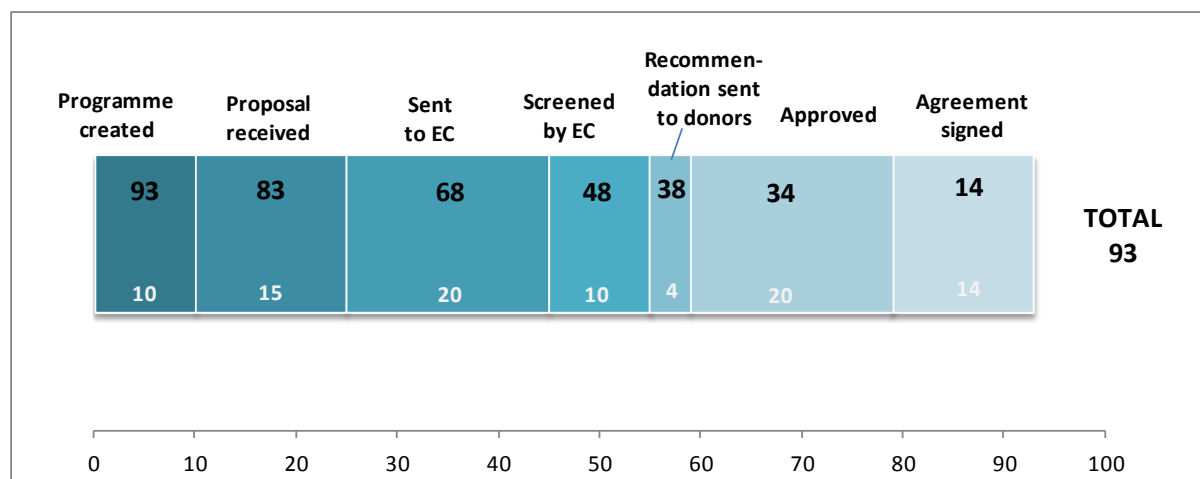
An additional arrangement has been developed with Open Society Foundations whereby they provide strategic advice concerning Roma issues and are a programme partner in particular areas.

### 3.2 Implementation status

Significant resources have been dedicated to the programme appraisal process in 2012. By the end of 2012, 38 grant recommendation documents had been sent to the donors, providing for each programme a recommendation as well as an overall assessment, objectives, risk analysis and target groups.

Even if 34 programmes had been approved by the end of 2012 (Figure 6), it remains a significant challenge to complete the appraisals, the recommendations to the donors and to proceed to programme implementation if existing delays to the EEA Grants 2009-2014 are not to be exacerbated. Programme appraisal will therefore continue to be a top priority in the first half of 2013.

Figure 6: Programme proposal status overview on 31 December 2012



Notes: Data in bold refer to cumulative number of programmes e.g. 34 programmes approved. Other data refer to throughput e.g. 10 programmes have been created for which no programme proposals were received until 31/12/2012. Data excludes technical assistance and national bilateral programmes.

The relatively low commitment and disbursements made so far are consistent with the early stage in which the Grants are within the overall programme cycle. Momentum gathered during 2012 so that by year-end total disbursements for the 2009-2014 Grants stood at €12.5m (Table 4). Nevertheless

some delays in signing implementation agreements, alongside a failure to meet pre-conditions at national level and various further controls, mean that the 2012 disbursement target was missed.

**Table 4: Net allocations, commitments and disbursements by country**

	Total net allocation* million €	Total committed		Disbursed (€)		Forecast 2012 million €
		million €	%	million €	%	
Bulgaria	72.7	44.9	61.81	1.2	1.70	2.4
Cyprus	3.6	2.3	65.16	0.0	0.00	
Czech Republic	56.8	2.6	4.64	0.2	0.34	
Estonia	21.3	22.8	107.11	0.5	2.33	0.1
Greece	58.6	8.3	14.24	5.1	8.68	8.6
Hungary	64.8	15.7	24.19	0.2	0.23	1.6
Latvia	32.0	32.2	100.78	0.1	0.26	0.5
Lithuania	35.5	21.8	61.41	0.2	0.65	0.1
Malta	2.7	2.7	100.89	0.0	0.52	0.1
Poland	246.9	262.8	106.45	1.8	0.75	0.5
Portugal	53.6	1.2	2.16	0.1	0.15	
Romania	176.4	30.0	17.00	0.0	0.00	0.3
Slovakia	35.5	22.0	61.97	2.9	8.15	
Slovenia	11.6	0.5	4.65	0.0	0.35	0.5
Spain	42.4	0.9	2.16	0.1	0.35	
<b>Total</b>	<b>914.4</b>	<b>470.8</b>	<b>51.49</b>	<b>12.5</b>	<b>1.37</b>	<b>14.6</b>

Notes: \* Excludes donor state management costs, participation of the donor programme partners, appraisal, monitoring, evaluation, audit and costs linked to the functions of the FMC. \*\* Includes disbursements to BG and LT in 2011. Forecasts refer to revised forecasts from October 2012.

Disbursements to donor programme partners in 2012 were €2.77m. Total disbursements to the donor programme partners for the 2009-2014 Grants to date are €3.66m.

### 3.3 Results and risk management

Managing for results does not only mean setting clear objectives and indicators, it also means identifying, analysing and responding to risks. The risk management approach was therefore reinforced in 2012 and adapted to the programme model. Following an external review of the risk management set-up for the EEA Grants 2009-2014, the FMO developed a risk management strategy, assigned a risk manager and risk management working group, and has aimed to mainstream the risk management approach through the Grants. This has involved recording and refining country risk assessments, integrating risk assessment into the grant recommendation documents and developing a variety of risk mitigation actions.

Further improvements remain for 2013, including ensuring a clearer distinction between strategy and methodology and improving mitigation strategies and actions to culminate in a comprehensive strategic risk framework.

### 3.4 Monitoring and control systems

The fifteen beneficiary countries are responsible for the management and control of programmes to ensure they respect the principles of economy, efficiency and effectiveness. With this triple aim in mind, the management and control systems established in the beneficiary countries provide for clear allocation and separation of functions, procedures for ensuring the accuracy and regularity of expenditure as well as reliable accounting, monitoring and financial reporting systems. They also provide systems and procedures to ensure an adequate audit trail, and reporting and monitoring

procedures for identifying irregularities. By the end of 2012, audited descriptions of management and control systems had been completed in 10<sup>1</sup> of the beneficiary countries.

### **3.5 Programme performance monitoring and information sharing**

To improve the information flow within the FMO and with the beneficiary institutions, the Documentation, Reporting and Information System (DoRIS), which stores quantitative and qualitative data on the 2009-2014 Grants, has been further developed in 2012.

DoRIS is now integrated with the new website of the EEA (and Norway) Grants. Programme summaries and related data on projects and programmes financed by the Grants are transferred from DoRIS to the website and will be used to provide a complete overview of the objectives and achievements of the Grants. Further summary reports should be developed in 2013 to ease overall understanding of performance.

### **3.6 Evaluation**

Evaluation activity for the 2009-2014 Grants concentrated on the early stages of the programme cycle. Three main studies have been launched to provide better indicators on bilateral relations, improved understanding of Roma inclusion across the Grants, and to enhance NGO capacity for self-assessment of results.

#### **3.6.1 Baseline study on bilateral relations**

To address the challenge of getting good quality data and information on the status and change in bilateral relations, a study was launched in 2012 to provide baseline information on bilateral relations. This will be replicated mid-term and at the end of the Grants period to measure progress over time. The baseline study includes an online survey sent to 145 participants targeting programme and project partners from four programmes in seven countries (Estonia, Latvia, Lithuania, Poland, Portugal, Romania and Slovakia) and the donor countries. More in-depth, qualitative information is collected through telephone interviews with 35 representatives from National Focal Points, donors and policy makers and a selection of donor programme partners and programme operators.

#### **3.6.2 A self-assessment tool for capacity development**

A draft tool to measure impact of capacity development for use by NGOs and potentially other beneficiaries has been developed. The tool enables NGOs to assess the impact of capacity development on their performance during project implementation. These assessments will also help donors understand how and where to target capacity development. The tool is currently being piloted with the aim that all NGOs assess themselves both at the start and the end of the projects they are supporting.

#### **3.6.3 Study on Roma inclusion**

This study aims to provide a complete overview of all supported projects, sub-projects and programmes in the field of Roma inclusion under the EEA (and Norway) Grants 2004-2009. Focusing on some of the beneficiary countries with the largest Roma populations<sup>2</sup>, the study will outline

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<sup>1</sup> Bulgaria, Cyprus, Czech Republic, Estonia, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia.

<sup>2</sup> Bulgaria, Czech Republic, Hungary, Romania and the Slovakia.

strategies and possibilities for Roma inclusion, including results, lessons learned, best practices and recommendations for future funding.

## **4 Communication and events**

Throughout 2012 increased knowledge and awareness about the EEA Grants - in beneficiary countries, donor countries and EU circles - continued to be a key objective. Communication activities have helped to raise awareness about results and achievements from the 2004-2009 Grants as well as new opportunities for funding within the 2009-2014 Grants.

### **4.1 Events**

In 2012, a large number of events were held in the donor countries, beneficiary countries and in Brussels to close projects from the 2004-2009 Grants, to launch programmes and inform about upcoming opportunities for funding and partnerships.

A thematic conference on good governance and risk management was organised in Sofia, Bulgaria (September, 2012) in cooperation with Transparency International for the third year in a row.

The highest profile event of the year was a high-level conference in Budapest, Hungary (November, 2012) with the aim to look at the nature and extent of hate speech in today's Europe – especially online – and to discuss different ways of tackling intolerance whilst defending free speech. This event was organised in cooperation with the Council of Europe.

Seminars and workshops were also organised with focal points, programme operators, donor programme partners, donor state embassies, potential beneficiaries and partners. These have aimed to provide guidance and a full understanding of roles, responsibilities and the regulation for the 2009-2014 Grants. Further attention has been given to training on results based management, DoRIS, financial reporting, and risk and results reporting in, for example, the Annual Programme Reports and the Strategic Reports.

### **4.2 Publications**

The main publication in 2012 was the Annual Report 2011-2012 which provides an overview of how the EEA and Norway Grants are contributing to reducing disparities and strengthening relations within the various sectors and countries involved in the 2009-2014 period. This publication is directed towards all involved stakeholders. In addition, specific annual reports to the donor countries were elaborated, and contributions were made to a number of EFTA reports and publications. Several newsletters, brochures and fact sheets were also produced on a needs basis.

### **4.3 Web and social media**

The new EEA and Norway Grants website was developed in 2012 and was launched early 2013. The revamp aimed to make relevant information more accessible, improve the content and reflect the new visual identity of the Grants. The new website also provides stakeholders with easy access to the information they need to get involved. The EEA and Norway Grants also increased its presence and activity in social media, mainly on Facebook and Twitter.



## 5 Administrative issues

The donor management costs are fixed at 7.5% for the EEA Grants in 2009-2014 and, in addition to management costs for running the FMO, includes such costs as the participation of the donor programme partners, appraisal, monitoring, evaluation, audit and costs linked to the functions of the FMC. Some further administrative costs exist in the Beneficiary states. Table 5 summarises the budget for 2012. The figures for the beneficiary countries represent the claims from the technical assistance funds in the countries in 2012.

**Table 5: Administrative budget in 2012**

	FM 2004-2009 (€ in 2012)			FM 2009-2014 (€ in 2012)		
	EEA	NRW	Total	EEA	NRW	Total
FMO Administrative Costs*	793,750	669,652	1,463,402	5,884,909	4,762,656	10,647,565
<i>of which appraisal, monitoring and evaluation**</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>641,132</i>	<i>518,868</i>	<i>1,160,000</i>
Programme level administrative costs***	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	364,690	243,016	607,705
Project level administrative costs***	1,934,081	1,121,360	3,055,441	550,976	363,364	914,340
<b>Total administrative costs</b>	<b>2,727,831</b>	<b>1,791,012</b>	<b>4,518,843</b>	<b>6,800,574</b>	<b>5,369,035</b>	<b>12,169,610</b>

\* Budgeted costs. \*\* Appraisal, monitoring and evaluation of FM 2004-2009 are covered from the net country allocation.

\*\*\* Overall administrative costs are estimated based on a sample of programmes/projects.

**Table 6: Technical assistance and cooperation costs in 2012**

	FM 2004-2009 (€ in 2012)			FM 2009-2014 (€ in 2012)		
	EEA	NRW	Total	EEA	NRW	Total
Donor Programme Partners				2,771,168	2,490,010	5,261,178
Technical Assistance in the Beneficiary States	1,906,583	1,336,091	3,242,674	1,440,246	1,471,920	2,912,166
<b>Technical Assistance and Cooperation Costs</b>	<b>1,906,583</b>	<b>1,336,091</b>	<b>3,242,674</b>	<b>4,211,414</b>	<b>3,961,930</b>	<b>8,173,344</b>

As of 31 December 2012, the FMO had 50 fixed-term staff positions, encompassing 14 different nationalities. Seven recruitments were conducted in 2012 to replace outgoing staff members and a further two positions were created to support programme management.

**Table 7: Financial Mechanism Office: staffing statistics**

Category	Number
Fixed term staff	50
Gender balance (m/w)	20/30
Management gender balanced (m/w)	4/3
Staff nationalities	14