

# **Annual Status Report**

# **2011**

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Annual Status Report on the  
EEA Grants and Norway Grants

Submitted by the Financial Mechanism Office  
March 2012

The annual status report from the Financial Mechanism Office (FMO) presents an overview of the status and administration of the EEA and Norway Grants for year ended 31 December 2011. The FMO operates as the secretariat for the management of the Grants for the three donor states (Iceland, Liechtenstein and Norway).

The report sums up results and challenges related to implementation of the project 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 and Norway 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.

A more in-depth annual report presenting an analysis of results and achievements in the beneficiary states for the funding period 2004-2009 will be prepared during the second quarter of 2012 by the three donor states.

The Norway Grants 2007-09 for Bulgaria and Romania are administered separately by Innovation Norway. Except where indicated, figures from these grants are not included in this report.

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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 and Norway Grants: at a glance

*Through the EEA and Norway 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, €1.31 billion in support was awarded through the EEA and Norway Grants to close to 1250 projects in 15 countries. €1.79 billion has been set aside for 2009 to 2014. Norway provides 97% of the funding.*

*Key areas of support include environment and climate change, civil society, human and social development, cultural heritage and cultural exchange, research and scholarships, decent work and justice and home affairs.*

*The EEA and Norway 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.*

# **1. HIGHLIGHTS 2011: RESULTS AND OPPORTUNITIES**

**The year 2011 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 2011, disbursement of funds exceeded 80% of commitments across the portfolio. Almost nine out of ten projects had been completed by the deadline of 30 April 2011 — an impressive completion rate when compared with other international funding schemes — with 105 projects granted additional time for implementation. These are on course for completion by the extended deadline of 30 April 2012.

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 grant schemes — in the beneficiary states, the donor states and the Financial Mechanism Office (FMO), which administers the grant schemes.

## ***New programme approach 2009-2014***

By end-2011, 24 Memoranda of Understanding (MoU) between the donor and beneficiary states on the Grants 2009-2014 were concluded with 13 countries. Agreements with the two remaining countries (Portugal and Romania) are expected to be finalised in early 2012. Over 100 programmes are already in the pipeline, with around 140 expected in total. The bilateral dimension has been reinforced in the 2009-2014 period and incorporated as an overall objective for the Grants.

Input from a series of reviews and evaluations helped to shape the new framework for the Grants, with support now limited to 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 is expected early 2012.

## ***Communication, results and risk management***

Capturing the results of the funding is important for transparency and accountability. In 2011, work continued on developing the results reporting framework, which sets out defined objectives, performance indicators, baseline data and targets for reporting. Upon request of the donor states, work also started on the development of a risk strategy for the management of the funds.

Communication and publicity activities continued to grow, with focus on highlighting the results and impact of the 2004-2009 funding, as well as presenting new opportunities and funding priorities agreed with the countries for 2009-2014.

## 2. PORTFOLIO MANAGEMENT AND IMPLEMENTATION: 2004-2009

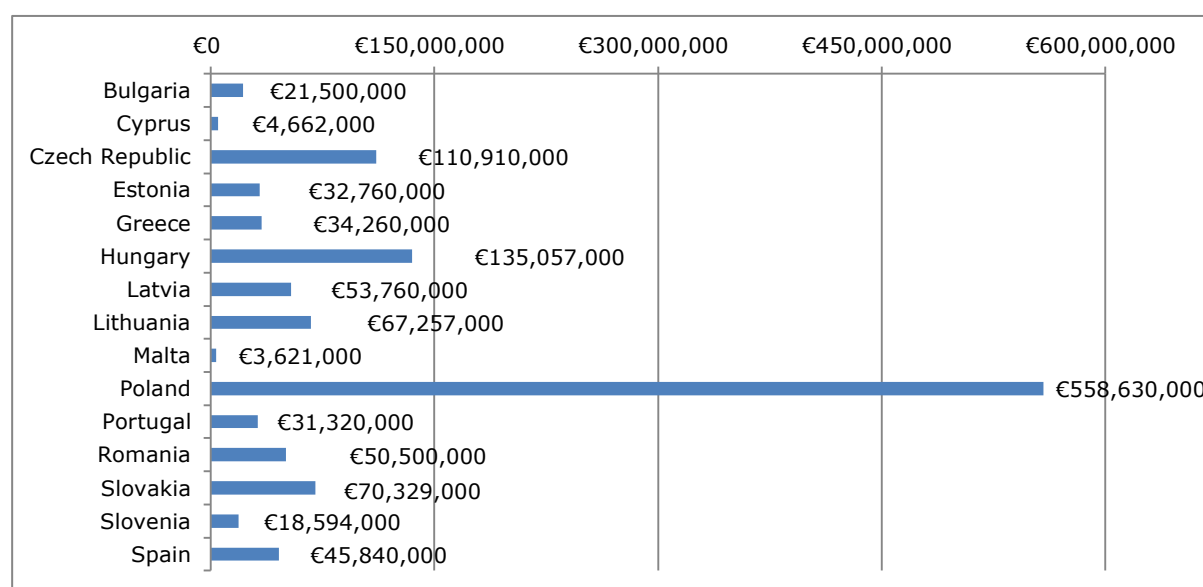
In the period 2004-2009, €1.31 billion in support was channelled through the EEA Grants and Norway Grants to 15 beneficiary countries in Central and Southern Europe. The EEA Grants (€672 million) were available in the 15 beneficiary countries, while the Norway Grants (€635 million) focused exclusively on the 12 newest EU member states. Bulgaria and Romania became eligible upon joining the European Union (EU) and European Economic Area (EEA) in 2007.

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

*The following figures and tables do not include Norway Grants projects in Bulgaria and Romania (2007-09) administered by Innovation Norway<sup>1</sup>.*

### 2.1 Breakdown of allocations 2004-2009

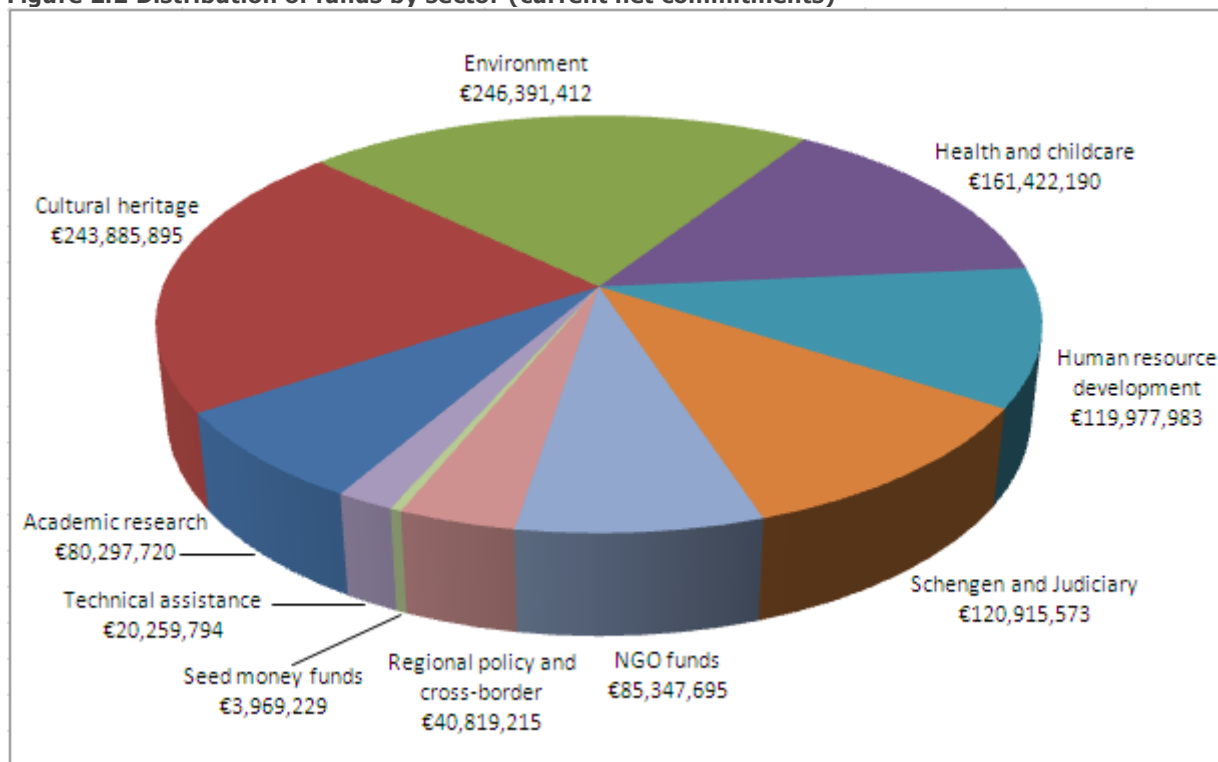
**Figure 2.1 Distribution of funds by country (gross allocations<sup>2</sup>)**



<sup>1</sup> Innovation Norway administered the Norwegian bilateral cooperation programmes for Bulgaria and Romania, representing the Norway Grants 2007-2009 for these countries (Bulgaria and Romania became EU and EEA members in 2007). The gross allocations were €20 million to Bulgaria and €68 million to Romania. These figures are included in the €1.31 billion gross allocation for the period 2004-09.

<sup>2</sup> 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)**



## 2.2 Overall status of project portfolio

Out of 1 197 projects approved between 2004 and 2009, 1 057 (88%) had been completed by the implementation deadline of 30 April 2011. Thirty-five projects were discontinued and 105 projects given a one-year extension. Of the completed projects, 494 are currently undergoing 'formal closure', meaning that although the project has been completed, final completion reports and payments are still being processed by the FMO.

By 30 April 2012, an estimated 97% of the projects will have been concluded — a high rate when compared with other international funding schemes.

**Table 2.3 Overall status of portfolio by end-December 2011**

30 April 2009: Committed amount	<b>€1,168,094,930</b>
30 April 2009: Committed projects <sup>3</sup>	<b>1 197</b>
31 Dec 2011: Number of projects supported	<b>1 162</b>
31 Dec 2011: Value of projects supported	<b>€1,123,397,901</b>
Closed projects	<b>563</b>
Completed projects (final completion processing ongoing )	<b>494</b>
Extended projects - until 30 April 2012	<b>105</b>
Discontinued projects	<b>35</b>
Disbursements in 2011	<b>€309,423,603</b>
Total disbursements at end 2011	<b>€970,065,276</b>
Total disbursements in % of net funds	<b>83%</b>

<sup>3</sup> Excluding projects administered by Innovation Norway

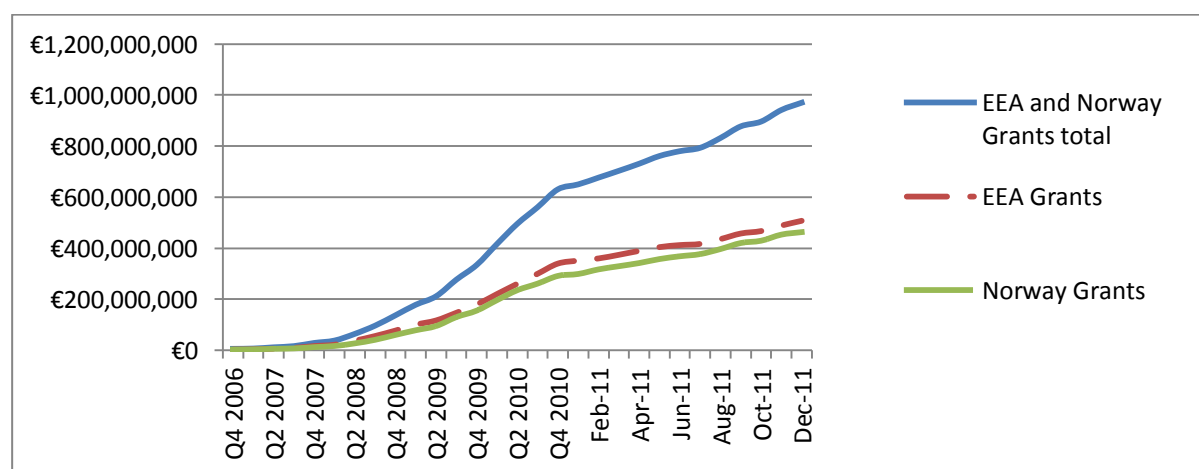
**Table 2.4 Project status per country by end-December 2011**

Beneficiary state	Supported	Completed	Closure on going	Extended	Discontinued
Bulgaria	43	5	26	12	2
Cyprus	6	0	6	0	0
Czech Republic	144	68	74	2	0
Estonia	35	25	9	1	0
Greece	38	0	17	20	13
Hungary	91	11	77	3	10
Latvia	75	27	46	2	1
Lithuania	86	37	46	3	0
Malta	8	5	1	2	0
Poland	419	307	79	33	2
Portugal	32	0	27	5	0
Romania	42	1	32	9	1
Slovakia	97	65	27	5	6
Slovenia	25	12	11	2	0
Spain	21	0	15	6	0
<b>Total</b>	<b>1162</b>	<b>563</b>	<b>494</b>	<b>105</b>	<b>35</b>

Of the 1197 projects, 71 were 'funds and programmes' which allocated support to 3610 sub-projects.

### 2.3 Disbursement status

Disbursements under the Grants 2004-2009 initially started in 2006 and will continue into 2012, the final year for completion of projects. In the period 2006-2011, disbursements under the EEA and Norway Grants totalled €970,065,276, representing 83% of the net funding. 2011 was a peak year for disbursements, with €309,423,603 in funding disbursed by end-December. Combined, the 15 beneficiary countries are expected to absorb approximately 90% 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.

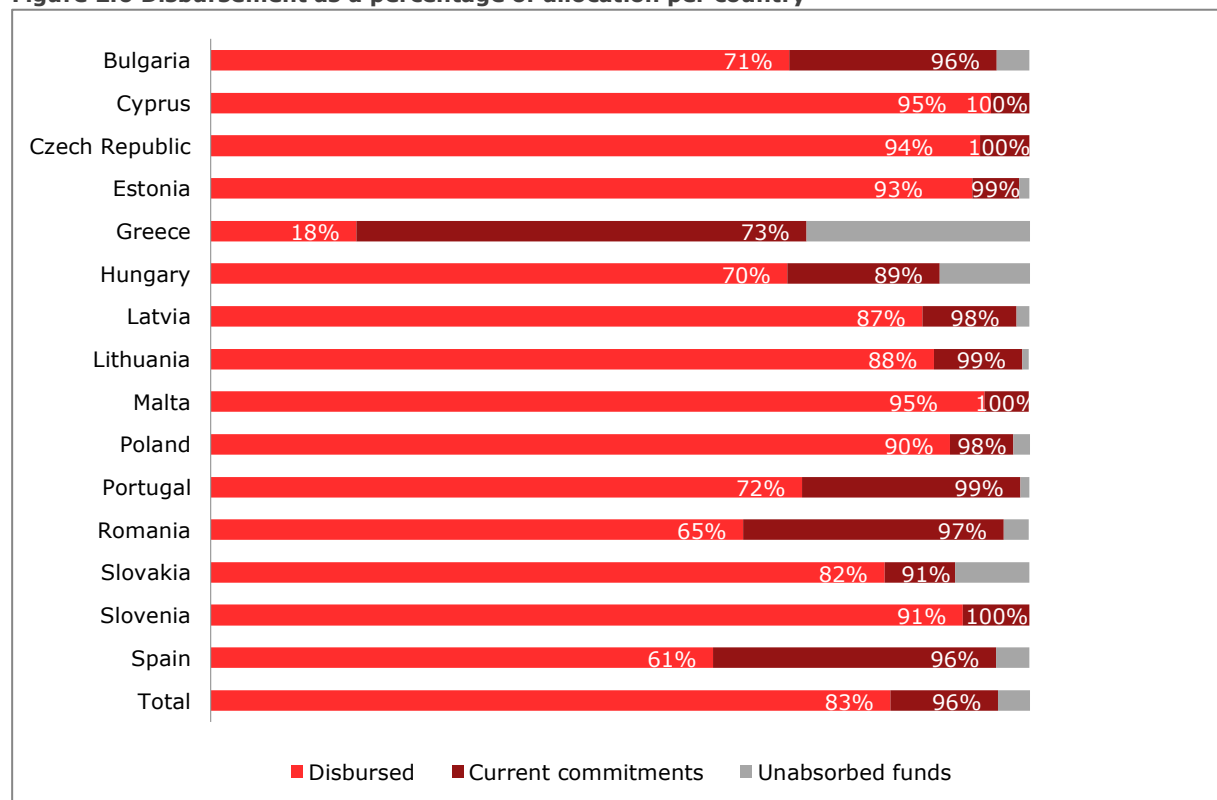
**Figure 2.5 Total disbursements EEA and Norway Grants year-on-year**



Variations exist between the countries. Whilst, for example, Cyprus and the Czech Republic have successfully absorbed 100% of their allocated funding, one-quarter of the Greek projects were withdrawn and only 18% of the net allocation disbursed. However, disbursements have picked up during the last year and will further accelerate into 2012.

Payments under the EEA Grants 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**



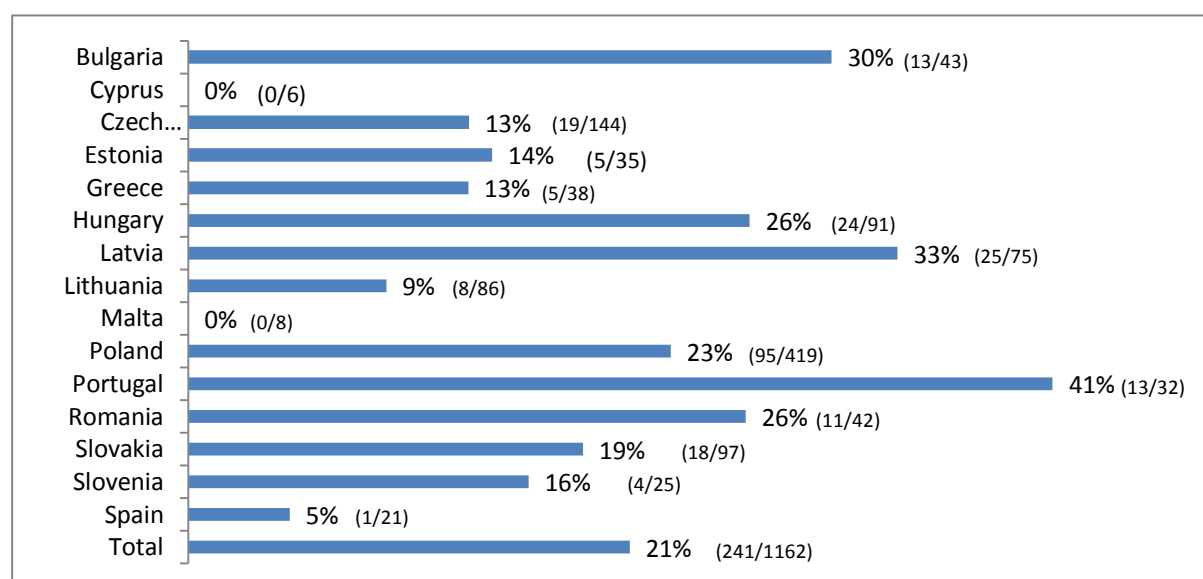
## 2.4 Partnership projects

Under the bilateral dimension, the EEA and Norway Grants promote partnerships for pooling expertise and resources across borders. Between 2004 and 2009, over 900 projects were implemented in cooperation between donor and beneficiary state entities. Of these, 241 received direct support while some 600 were awarded grants under specific funds set up by the EEA and Norway Grants in areas such as research, scholarships, capacity building, cultural heritage and civil society. In addition, 52 partnership projects were developed under the bilateral cooperation programmes in Bulgaria and Romania administered by Innovation Norway (IN). Most donor country partners were Norwegian, but entities from Iceland and Liechtenstein also participated.

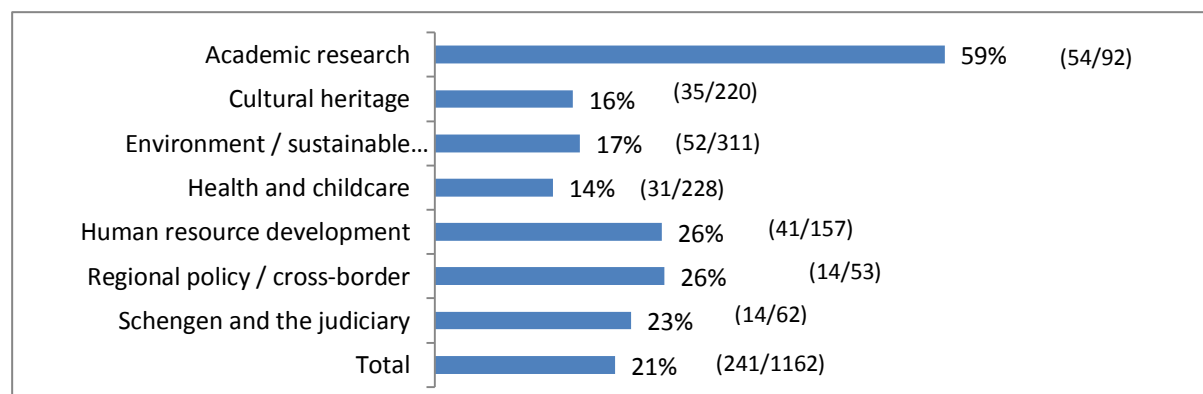
The degree of cooperation has however varied considerably, ranging from relatively substantial, strategic and technical involvement in project development and implementation, to more ad hoc study visits. Reports and other feedback channels from partners indicate that whilst there have been challenges related to perceived administrative complexities, bureaucratic 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/Norway Grants. They do not include 'sub-projects' financed under funds and programmes, nor Norway Grants projects in Bulgaria and Romania administered by IN. The latter all involved compulsory partnership cooperation.*



**Figure 2.8 Percentage of partnership projects\* per sector**



## 2.5 *Reviews and evaluations*

Twelve external reviews and evaluations of the projects, funds and programmes supported under the EEA and Norway Grants 2004-09 were commissioned to external consultants, of which eleven have been concluded. Additional reviews and evaluations have also been carried out by the beneficiary states.

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 and Norway Grants 2009-2014.

In 2011, the review of regional development and cross-border cooperation under the Grants 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.

In addition, a desk study of project completion reports and project implementation reports was carried out from November 2011 to January 2012. An evaluation report of support to cultural heritage is expected in spring 2012.

### 2.5.1 [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 in 3 countries (Czech Republic, Hungary, and Poland).

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*Key findings include:*

- All funded projects met their immediate objectives and outputs;
- 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.

### 2.5.2 [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 (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.

### **2.5.3 Desk study of project end-reports**

A desk study was carried out between November 2011 and January 2012 by the Nordic Consulting Group (NCG). NCG studied 672 projects: 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. The final report will be submitted in February, but some preliminary findings may be noted:

- 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 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.

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## **2.6 Monitoring**

In the 2004-2009 funding period, monitoring and control mechanisms were based upon cooperation between donor and beneficiary states, which shared and divided responsibilities for project monitoring and control checks.

The beneficiary states were responsible for regular project monitoring. 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 grant 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 early part of 2011, monitoring focused on projects at risk of non-completion by the April deadline, followed by those at high risk of non-completion to assess how best to address the risk. 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 project 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.

**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>	<b><i>Total</i></b>
<i>13</i>	<i>28</i>	<i>110</i>	<i>159</i>	<i>103</i>	<b><i>413</i></b>

**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>	<b><i>413</i></b>

## ***2.7 Irregularities and control***

The Grants are contributions from public resources in the donor states. Ensuring openness and transparency is essential, both for the implementation of the 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 an inherent risk.

In 2011, following a decision from the donor states, the FMO published an irregularities report to explain the control mechanisms in place and provide an overview of irregularity cases and sanctions prompted, if any. This report is to be updated on a quarterly basis<sup>4</sup>.

<sup>4</sup> The report can be found under information on public access on the EEA and Norway Grants website (<http://www.eeagrants.org/id/2395.0>)

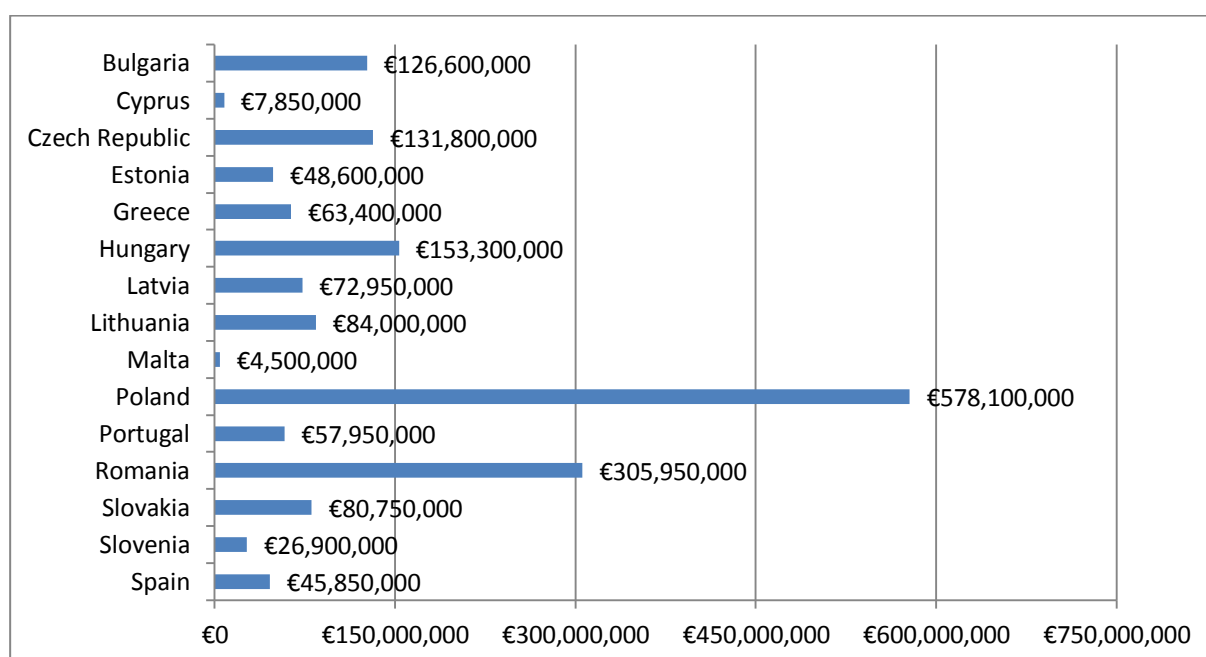
### 3. ROLL-OUT OF NEW GRANT SCHEMES: 2009-2014

#### 3.1 Breakdown of allocations 2009-2014

Following negotiated agreements with the EU, Iceland, Liechtenstein and Norway set aside €1.79 billion in funding through the EEA and Norway Grants for the period 2009-2014.

As with the previous funding round, the EEA Grants (€988.5 million) are available to 15 European countries, while the Norway Grants (€800 million) are earmarked for the 12 newest EU member states. The donor states contribute according to their size and economic wealth, with Norway representing around 97% of the total funding.

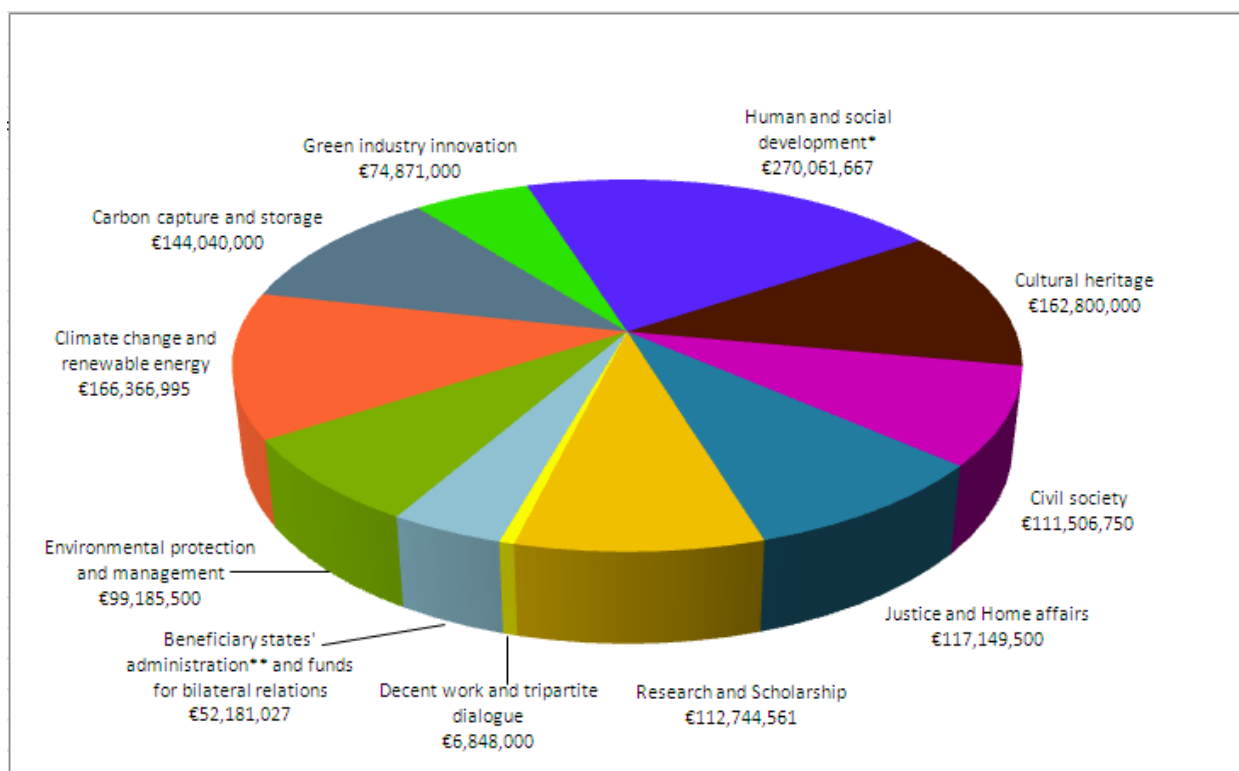
**Figure 3.1 Allocation of funds by country (gross allocations)**



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, including green industry innovation and carbon capture and storage is expected to represent around one third of the funding. Significant support continues for civil society, health, children and youth at risk, promoting social inclusion for vulnerable groups and mainstreaming gender equality, research and scholarships, justice and home affairs, cultural heritage and decent work.

**Figure 3.2 Breakdown of budgeted funds by sector (excluding amounts for Portugal and Romania where sector allocations have not yet been concluded)**



\*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

### **3.2 Concluding agreements and establishing programmes**

Building on the overall agreements of 2010 between the EU and Iceland, Liechtenstein and Norway on the EEA and Norway Grants 2009-14, 2011 was dedicated to negotiating and agreeing on the country-specific priorities as set out in the overarching framework agreements (Memoranda of Understanding – MoUs). The FMO provides technical support to the donor states during the MoU negotiation process between the donor and beneficiary states.

Input from a series of reviews and evaluations helped to shape the framework for the Grants, with both donor and beneficiary states also building upon past experience when establishing priorities and agreeing implementation structures. Key features include the introduction of a programme approach agreed between Iceland, Liechtenstein and Norway and the EU, with a shift of responsibility towards the beneficiary countries and a strengthened focus on results.

#### **Programme model**

While funding was previously mainly awarded to 'individual projects', larger programmes are now being established. The new programme approach is designed to better target support. The assistance is focused on predetermined agreed areas of intervention aiming to lead to a more strategic intervention.

Programme operators (mostly public institutions in the beneficiary states) are responsible for awarding funding and control of projects. The National Focal Points (mostly ministries

which also manage other European funding schemes in the beneficiary states) are responsible for the overall follow-up of programmes. The FMO will, on behalf of the donor states, also appraise, monitor and control programmes.

This approach is in line with recommendations from the mid-term evaluation of the EEA and Norway Grants which found programme and fund schemes to be the most efficient.

### **Focus on results**

Capturing the results of the funding is important for transparency and accountability. In 2011, work continued on developing the results reporting framework, which sets out defined objectives, performance indicators, baseline data and targets for reporting.

### **Cross-cutting issues**

Three cross-cutting issues underpin the Grants: good governance, gender equality and sustainable development encompassing environmental, social and economic sustainability. To ensure sustainable results, these issues need to be firmly integrated at each stage of the programme cycle in the beneficiary states. In 2012 it will be important for the FMO to assess the integration of cross-cutting issues.

### **Launching programmes**

By the end of 2011, the donor states had concluded 24 MoUs with 13 countries<sup>5</sup>. The agreements with the two remaining countries (Portugal and Romania) are expected to be finalised in early 2012.

Around 140 programmes are expected in total, with two programmes (details below) already established in 2011. Programme proposals are appraised by the FMO before being submitted to the donor states for approval. Projects receiving support from a programme may be implemented until 2016.

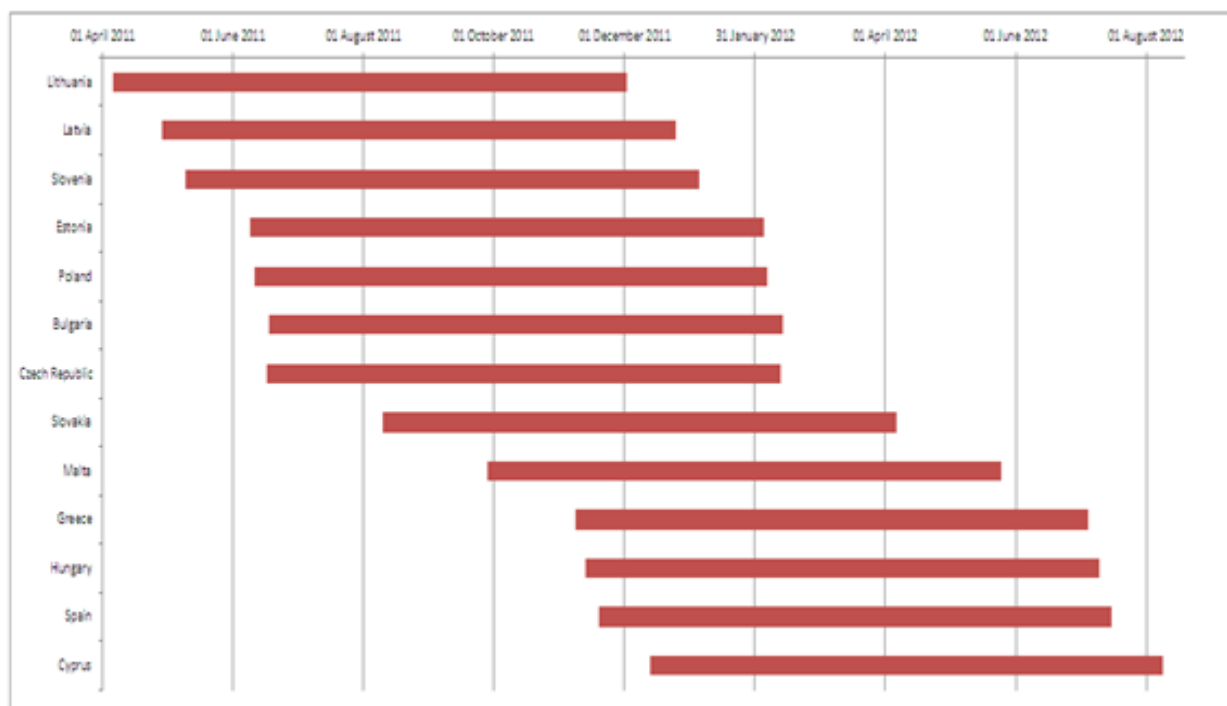
- The *Fund for Decent Work and Tripartite Dialogue* was launched in October with an open call for proposals covering all the 12 newest EU and EEA member states. Operated by Innovation Norway, this is a new feature under the Norway Grants 2009-2014, representing one per cent of the allocation in each beneficiary state. The Fund is targeted at improved social dialogue and tripartite dialogue structures and practices, and enhancing understanding of the benefits of decent work.
- The '*Asylum and Immigration Fund*' for Greece was launched in December. Almost one-third (€20.9 million) of the Grants in Greece are to be dedicated to tackling asylum and migration issues. The grants will be channelled through two different sub-programmes, both of which will be carried out in close cooperation with the Norwegian Directorate of Immigration (UDI).

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<sup>5</sup> 13 MoUs on the EEA Grants and 11 on the Norway Grants. Greece, Portugal and Spain only benefit from the EEA Grants.



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



### ***3.3 Strengthening bilateral relations***

The agreements of 2010 between the donor states and the EU on the EEA and Norway 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 and Norway Grants are already closely linked, in many cases through strong historical and cultural ties, as well as shared values and geographical closeness.

Broadly speaking, the EEA and Norway Grants aim to strengthen cooperation – to work together to deliver joint solutions to shared challenges and increase mutual knowledge and understanding between donor and beneficiary states. Cooperation is to take place at multiple levels; political, institutional, business, technical and cultural.

In 2011, the donor states focused efforts on ensuring a significant bilateral component in all the negotiated Memoranda of Understanding with the beneficiary states. Partnerships at the programme level 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. More than half of the approximately 140 programmes to be implemented are expected to have Donor Programme Partners (DPPs).

Following the signing of MoU-agreements, the Programme Operators and the DPPs are to cooperate on planning the programmes and preparing the applications for funding. In 2011, training was organised for the involved parties to facilitate cooperation and prepare the ground for the development of high-quality applications and programmes. As DPPs are financed by the donor management costs through the FMO, priority was also given to

preparing these agreements. Work also started on a Guideline for Bilateral Relations which will provide guidance for all involved parties.

### ***3.4 Developing strategic partnerships***

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

In May 2011, the FMO and the Council of Europe (CoE) signed a cooperation agreement on the EEA and Norway Grants. The CoE will be directly involved as a partner in a number of programmes and projects in the beneficiary states in important areas such as justice, human rights and social inclusion.

In July 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.

### ***3.5 New guidelines and policies***

A series of new guidelines were adopted during the course of 2011. These aim to complement existing provisions and provide practical guidance for the development and implementation of several sector programmes, as well as for evaluation and communication activities.

As mentioned, work also started on a Guideline for Bilateral Relations which is expected to be finalised early 2012.

#### **3.5.1 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 May 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.

#### **3.5.2 Scholarship Programmes Guideline**

The purpose of the Scholarship Guideline, approved in September 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.

### **3.5.3 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 and Norway 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.

### **3.5.4 Communication and design manual**

The FMO published a Communication and Design Manual in December 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.

### **3.5.5 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.

### **3.5.6 Public access policy**

In accordance with the guiding principles of openness and transparency which underpin the EEA and Norway 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.

### **3.5.7 Risk management**

For the funding period 2004-2009, the FMO put in place a system for risk management which is currently being further developed. In 2011, upon request from the Norwegian Ministry of Foreign Affairs, the FMO prepared a comprehensive overview of tasks related to risk management. Subsequently, the Ministry contracted the consulting group Ernst & Young to carry out a review of the [risk management set-up in the EEA & Norway Grants 2009-2014](#). Based on this, the FMO started on the development of a risk management strategy in cooperation with the donor states.

## 4 COMMUNICATION AND EVENTS 2011

Throughout the course of 2011 communication and publicity activities continued to grow. This has helped to inform on the results and achievements, as well as increase awareness of opportunities afforded by the grants both for beneficiaries and the general public as well as the media — critical for ensuring transparency and accountability.

### ***Publications and reports***

The Status Report was published in October provided a comprehensive overview of results and achievements from the 2004-2009 funding period and outlined opportunities for 2009-2014. It included information on EEA and Norway 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', a brochure on 'Combating Gender Violence' and a series of country factsheets.

Annual reports on the Grants were also produced for the Norwegian Ministry of Foreign Affairs 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***

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A new visual identity, including new logos, was introduced and work initiated to revamp the existing [www.eeagrants.org](http://www.eeagrants.org) website (aiming for completion in 2012). One of the chief aims is to reorient the homepage (and top-level pages) away from the current 'project portfolio' and 'news blog' model towards the presentation of more stable core content. It will also seek to improve usability by streamlining navigation to key information as well as align the look and feel of the website with the new design guidelines.

### ***Events***

The FMO provided support and / or organised several high-level events during 2011 including the following:

- *Conference: "Equality Pays" (Brussels, 8.3.11)*

Marking the 100th anniversary of International Women's Day, the FMO organised a workshop on gender equality in March with former Latvian President Vaira Vīķe-Freiberga participating as keynote speaker. The event provided a forum for showcasing projects and sharing ideas on gender issues for the 2009-2014 programming period, as well as a platform for discussion on the economic case for equality, gender-based violence, challenges facing migrant women and improving work-life balance.

- *NGO stakeholder seminar (Oslo, 7-8.6.11)*

Bringing together NGO communities in the donor and beneficiary states, the NGO stakeholder seminar provided a forum to celebrate the achievements of the NGO Funds under the EEA and Norway Grants — worth €85 million between 2004 and 2009 — and

introduce the new programmes running until 2014. The event was organised in cooperation with the Norwegian Helsinki Committee (NHC).

- Joint seminar with Transparency International on anti-corruption (Prague, 6.9.11)

In 2011, the EEA Grants and Norway Grants signed an agreement to draw on the expertise of Transparency International to identify and address corruption risks in the implementation of the grant schemes. The cooperation was launched at a seminar in Prague in September.

- Joint Norwegian-Polish Seminar: "The EEA and Norway Grants: a contribution to development in Europe" (Brussels, 20.10.11)

With Poland at the helm of the six-month rotating EU Presidency in the second half of 2011, the Permanent Representation of Poland to the EU and the Mission of Norway to the EU held a joint seminar on contribution of the EEA and Norway Grants to social and economic development in Europe. Around 100 Brussels-based representatives from the EU institutions, embassies, and regional offices of the beneficiary and donor states attended.

High-level speakers included the Norwegian State Secretary of Foreign Affairs, Erik Lahnstein, Secretary of State in the Polish Ministry of Regional Development, Adam Zdziełło, and European Commission Director (DG Regional Policy), Rudolf Niessler.

- Conference: "Effective ways to prevent and combat violence against women and domestic violence" (Bratislava, 29.11.11)

Organised by the Council of Europe in cooperation with the Norway Grants and the Slovak Ministry of Justice, this event brought together around 140 participants. It aimed at raising awareness of the Council of Europe Convention on preventing and combating violence against women and domestic violence, while also marking the launch of Norway Grants support to tackling gender-based violence. The event attracted wide coverage from both Slovak and international media.

- Closing and launch events

A number of closing events for the Grants 2004-2009 and some launch events for the 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 ADMINISTRATIVE ISSUES

Upper limits for donor management costs vary from 4% to 7.5%. In the funding period 2004-2009, these were 4% for the EEA Grants and 5% for the Norway 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 Grants are allocated through funds for technical assistance (TA).

Below is an overview of budgeted expenses in 2011. The figures for the donor state (DS) management costs represent the 2011 budget as the final figures are not yet available. The figures for the beneficiary states (BS) represent the reimbursement claims from the TA funds in the countries in 2011.

**Table 5.1 Administrative budget 2011**

<b>2011</b>	<b>EEA Grants</b>	<b>Norway Grants</b>	<b>Total</b>
Donor States management costs			
2004-09	€2,653,563	€2,206,490	€4,860,053
2009-14	€3,900,831	€3,171,221	€7,072,052*
<b>Total DS management cost</b>	<b>€6,554,394</b>	<b>€5,377,711</b>	<b>€11,932,105</b>
Beneficiary states (TA)			
2004-09	€1,958,408	€1,340,446	€3,298,854
2009-14	€0	€0	€0
<b>Total TA to BS</b>	<b>€1,958,408</b>	<b>€1,340,446</b>	<b>€3,298,854</b>
<b>Total administrative expenses</b>	<b>8,512,808</b>	<b>6,718,157</b>	<b>€15,230,959</b>

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

### **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>

**Table 5.2 Financial Mechanism Office: staffing statistics**

Fixed-term staff	48
Trainees	5
Staff nationalities*	14
Gender balance (m/w)	20/33
Management gender balance (m/w)	4/3

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