



Norwegian financial mechanism

***Annual report on the implementation of the Norwegian  
Financial Mechanism in Lithuania  
February 2006 – March 2007***

**Author:** Ministry of Finance of the Republic  
of Lithuania (National Focal Point) and  
Central Project Management Agency

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## INTRODUCTION

According to the Article 5 of the Memorandum of Understanding on the implementation of the Norwegian Financial Mechanism 2004-2009 established in accordance with the Agreement of 14.10.2003 between the Kingdom of Norway and the European Community on a Norwegian Financial Mechanism (hereinafter – Agreement of the Norwegian Financial Mechanism) for the period 2004-2009 (hereinafter – the MoU) as well as Article 3.3 of the Beneficiary State monitoring and reporting guidelines, Ministry of Finance, acting as National Focal Point (hereinafter – the NFP) for the implementation of the Norwegian Financial Mechanism in Lithuania, together with the Central Project Management Agency (hereinafter – the CPMA) prepared the *Annual report on the implementation of the Norwegian Financial Mechanism in Lithuania* (hereinafter – the report). The reporting period is 1 February 2006 – 1 March 2007.

The document aims to present the process of the preparation and the implementation of the Norwegian Financial Mechanism in Lithuania, displays actual state of preparations and describes activities planned for the next reporting period.

Before submission to the Financial Mechanism Office and the donor state, the report was approved by the Monitoring Committee for the European Economic Area (hereinafter – the EEA) Financial Mechanism and the Norwegian Financial Mechanism (hereinafter –the Monitoring Committee) on 19 March 2006.

## **1. PROGRESS MADE TOWARDS THE ACHIEVEMENT OF THE OVERALL OBJECTIVE OF THE NORWEGIAN FINANCIAL MECHANISM AND PROGRESS MADE TOWARDS LITHUANIA SPECIFIC OBJECTIVES**

### **1.1. Preparation to the implementation of the Financial Mechanism - general framework and legal issues**

During the reporting period the NFP and the CPMA have been involved in further preparation of the Norwegian Financial Mechanism implementation procedures and respective legal acts.

On 9 February 2006 the Rules for Assessment of Project Applications for Support under the EEA and the Norwegian Financial Mechanisms (hereinafter – the Assessment Rules) have been adopted by the Minister of Finance (Order No. 1K-276). The Assessment Rules set forth the procedures for submission, appraisal and selection of project applications, also preparation and conclusions of grant agreements.

On 11 May 2006 the Rules of Procurement to the Beneficiaries of Grants under the EEA and the Norwegian Financial Mechanisms (hereinafter – the Rules of Procurement) have been adopted by the Minister of Finance (Order No. 1K-189). The following Rules of Procurement were adopted:

1. Rules of Procurement applicable to the Beneficiaries of Grants under the EEA and the Norwegian Financial Mechanisms acting in the capacity of contracting authorities within the meaning of the Law on Public Procurement of the Republic of Lithuania;
2. Rules of Procurement applicable to the Beneficiaries of Grants under the EEA and the Norwegian Financial Mechanisms not acting in the capacity of contracting authorities within the meaning of the Law on Public Procurement of the Republic of Lithuania.

The first Rules of Procurement set additional obligations, rights and responsibilities of the beneficiaries or of their project partners acting in the capacity of contracting authorities within the meaning of the Law on Public Procurement of the Republic of Lithuania for the purpose of procurement of supplies, services or works needed for implementation of the projects, additional control measures applicable to the above procurements as well as consequences arising from the failure to observe these Rules of Procurement.

The second Rules of Procurement set the rules of procurement, the rights and obligations of the procurement subjects, the procedures for control and litigation applicable in the cases where the procurement of supplies, services and works are undertaken by the project promoters or the project partners that are not acting in the capacity of contracting authorities within the meaning of the Law on Public Procurement of the Republic of Lithuania.

On 28 June 2006 the Rules of Administration and Financing of Projects Supported under the European Economic Area and the Norwegian Financial Mechanism have been approved by the Minister of Finance (Order No. 1K-239). These rules set the internal (national) procedures for payment of projects expenditures and the monitoring of the projects implementation.

On 30 June 2006 the Guidelines for Applicants for Common Support provided by the Republic of Lithuania as well the EEA and the Norwegian Financial Mechanisms were approved by the Minister of Finance (Order No. 1K-240). The Guidelines set the requirements and conditions for the applicants intending to submit individual project proposals. These Guidelines for Applicants also provide the basic information on submission, assessment, selection of applications, decision-making on granting support and other information related to the implementation of the project financed under the EEA and/or the Norwegian Financial Mechanisms (more information about the results of the first call for individual projects' proposals is provided in the Chapter 2 "Progress of project selection in Lithuania").

On 29 December 2006 the Guidelines for Applicants to Become an Intermediary for the Block Grant “Strengthening Administrative Capacities of Regional and Local Authorities” were approved by the Minister of Finance (Order No. 1K-428). These Guidelines set the requirements and conditions for the applicants wishing to act as the block grant Intermediary for the block grant “Strengthening Administrative Capacities of Regional and Local Authorities” and for their project proposals, also the procedure for the submission, assessment, selection of applications, approval of applications, signing of contracts and implementation of the block grant (more information about block grant is provided in the Chapter 1.2.2 “Preparation to the implementation of the Block Grant “Strengthening Administrative Capacities of Regional and Local Authorities”).

## **1.2. Preparation to the implementation of the specific forms of grant assistance**

Annex C of the MoU (adjusted during the first annual meeting)<sup>1</sup> indicates specific forms of grant assistance listed below that may be established in addition to individual projects to be financed from the Norwegian Financial Mechanism in Lithuania:

- Block grants for NGOs for projects relevant to priority areas indicated in Article 6 of the Memorandum of Understanding, and in Annex B (hereinafter – NGOs Fund);
- Block grants for projects aiming to strengthen the administrative capacities of regional and local authorities;
- Block grants for transferring experience and strengthening co-operation among local, regional and euro-regional partners in Lithuania and Norway;
- Seed money.

### **1.2.1. NGOs Fund**

The main aim of the NGOs fund will be to enhance the NGOs’ sector in Lithuania.

This fund will run nationwide and will operate for 2007-2011 year period. It is envisaged to allocate 5 MEUR both from the EEA and Norwegian Financial Mechanisms for this Fund. About 3 MEUR out of total sum is allocated from the Norwegian Financial Mechanism.

The Ministry of Finance was proposed to act as Intermediary. Therefore, after the signature of the MoU the Ministry of Finance had started the process of the preparation of the respective application.

After the long lasting discussions with representatives of the NGOs sector the application was drafted and sent to FMO in December 2005 for unofficially consultations. Having received the comments the application was sent to FMO official on 18 August 2006. After the correspondence between NFP and FMO (FMOs request for clarification was sent on 27 September 2006, the NFP responded on 5 October 2006) the application was approved on 29 January 2007.

On 30 January 2007 the Grant Offer Letter was received. The Ministry of Finance (Intermediary) accepted it on 8 February 2007. The Project implementation plan (PIP) was sent to the FMO on 22 February 2007. By the cut-off date of this report the Grant Agreement was not received.

Having received the approval of the application the Ministry of Finance started preparatory works for implementation of the NGOs Fund:

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<sup>1</sup> The following amendments were made in the Annex C of MoU (approved by donors during the first annual meeting on 22 March 2006):

- 1) the block grant for the implementation of *acquis* was cancelled;
- 2) Block grant for the management of the Financial Mechanisms was transformed from the block grant into the individual technical assistance project.

- prepared the draft technical specifications for the procurement of the Secretariat. Secretariat will be responsible for the operational management and supervision of implementation of sub-projects. The chief function of Secretariat will be to ensure the everyday implementation and operation of the Fund;
- authorised the CPMA to carry out the public procurement procedures according to the Law on Public Procurement of the Republic of Lithuania;
- forecast procurement notice was published by the end of February 2007.

It is planned that the Secretariat will be hired in the beginning of the 2 half of 2007 and the first call for proposals will be announced by the end of 2007.

### ***1.2.2. Block grants for projects aiming to strengthen the administrative capacities of regional and local authorities***

This block grant aims at strengthening the administrative capacities of regional and local authorities and will run nationwide. It is envisaged that for this grant 3,15 MEUR will be allocated both from the EEA and Norwegian Financial Mechanisms (about 1,575 MEUR from the Norwegian Financial Mechanism). It is planned that support will be granted to sub-projects of the value between 20 000 EUR and 100 000 EUR.

As in the market there is a number of potential services providers that could act as Intermediary for this block grant, the Intermediary body will be selected via open call. The NFP together with the CPMA drafted the respective Guidelines and sent them for FMO screening on 22 September 2006. The comments and consent to announce the open call were received on 2 November 2006. The text of the open call announcement was reconciled via e-mails and sent officially to the FMO on 8 November 2006. The final version of the Guidelines for applicants was sent to the FMO on 14 December 2006. Consequently the NFP adopted these Guidelines on 29 December 2007.

The open call for proposals was announced on 10 January 2007. The end of the open call is settled for 15 March 2007.

It is planned that the Intermediary will be selected in the beginning of the 2 half of 2007.

### ***1.2.3. Block grants for transferring experience and strengthening co-operation among local, regional and euro regional partners in Lithuania and Norway***

The aim of this block grant will be to transfer experience and strengthen co-operation among local, regional and euro regional partners in Lithuania and Norway. The block grant will run nationwide with 3 MEUR allocations from the Norwegian Financial Mechanism.

The Ministry of Interior (hereinafter referred as MoI) was proposed to act as Intermediary for this block grant. The initiative of the MoI to act as Intermediary was approved by the Monitoring Committee on 4 October 2005. In July 2005 the MoI via the NFP presented the official proposal to act as the Intermediary to the FMO. Having the positive feedback of FMO the MoI drafted application and submitted its draft to the NFP in January 2006. The NFP expressed the general approval of document and provided the MoI with the comments. However during the second meeting of Monitoring Committee (14/02/2006) MoI informed that due to the approaching work load for 2007–2013 structural EU support for Lithuania, it can not act as an Intermediary for aforementioned block grant. The Monitoring Committee adopted decision to select Intermediary body via open call.

Afterwards the MoI taking into account the arguments named in the aforementioned Monitoring Committee meeting (great delays in the implementation of block grant and etc.) and having reassessed the

available human resources, informed the NFP that it is ready to take the role of Intermediary of the block grant. This proposal was approved by the Monitoring Committee (meeting 09/05/2006).

The application of the block grant was submitted to the FMO via NFP on 1 June 2006 for unofficial consultations. Having received the comments the application was sent to FMO officially on 25 September 2006. After the correspondence between MoI and FMO (FMOs request for clarification was sent on 9 October 2006, the MoI responded on 26 October 2006) the application was approved on 26 January 2007.

On 26 January 2007 the Grant Offer Letter was received. The MoI accepted it on 14 February 2007. The PIP is under preparation by the MoI.

Having received the approval of the application the MoI started preparatory works for implementation of the block grant:

- prepared the draft procurement documents for the procurement of the Secretariat for the technical assistance. The main functions of the Secretariat shall be to provide the technical and administrative support to the MoI and to ensure the day-to-day supervision of sub-projects implementation.
- Submitted these documents for CPMA screening.

It is planned that the Secretariat for the technical assistance will be hired in the beginning of the 2 half of 2007 and the first call for proposals will be announced by the end of 2007.

#### ***1.2.4. Seed money Facility***

The purpose of Seed Money Facility is to provide small grants for the preparation of proposals for individual projects. 0,629 MEUR will be allocated both from the EEA and Norwegian Mechanisms (about 0,375 MEUR from the Norwegian Financial Mechanism). It is foreseen that support from Seed Money Facility will be granted to the sub-projects of the value between 5.000 EUR and 20.000 EUR.

It was decided that the NFP will act as Intermediary. Therefore the NFP had prepared the application.

The application was submitted to the FMO by NFP on 26 May 2006 for informal screening. Having received the comments the application was sent to the FMO officially on 18 August 2006. After the correspondence between the NFP and the FMO (the FMOs request for clarification was sent on 21 September 2006, the NFP responded on 4 October 2006) the application was approved on 21 February 2007.

On 21 February 2007 the Grant Offer Letter was received. NFP accepted it on 5 March 2007. The PIP is under preparation by NFP.

During the reporting period the NFP had drafted the Guidelines for Seed Money Facility and submitted it to the FMO on 18 August 2006 for comments. The comments on these Guidelines were received from FMO on 27 February 2007. It is foreseen to approve the Guidelines for Seed Money Facility and to announce the call for proposals in middle of March 2007. The call will last till June 2007. Afterwards the CPMA will assess the submitted applications.

### **1.3. Technical assistance for the management of the EEA and Norwegian Financial Mechanisms**

This project will ensure the proper implementation of the EEA and Norwegian Financial Mechanisms in Lithuania. It will serve as the main source and instrument for the institutions which are given the responsibility for the administration and management of the Mechanisms. The granted allocations from the EEA and Norwegian Financial Mechanism amount to 1,275 MEUR (about 0,64 MEUR from the Norwegian Financial Mechanism).



The NFP is a project promoter and CPMA acts as a partner in the implementation of this project.

The main activities to be performed in the execution of this project are as follows:

- Development of the Financial Mechanisms' Management and Control System:
  - Contracting of external experts for the development and maintenance of the project database,
  - Preparation and organization of training seminars for beneficiaries on project implementation,
  - Contracting of external audit company for the auditing of projects,
  - On-spot checks of projects' implementation,
  - Hiring of additional temporally staff for the MoF and the CPMA in order to perform management and control activities of the Financial Mechanisms in Lithuania,
  - Contracting of independent project appraisal experts to assist the CPMA in appraisal of applications,
  - Preparation and organization of annual and other meetings with EFTA countries as well as of the Monitoring Committee meetings,
  - Preparation and organization of meetings with FMO,
  - Translation and interpretation activities;
- Strengthening of administrative capacities of the related staff:
  - Organisation of the capacity building seminars for the staff of the NFP and the CPMA involved in the management of the Financial Mechanisms. As the seminars will be provided by foreign specialist institutions outside Lithuania, this activity will be mainly composed of arranging travel and accommodation matters and settling the fees of the attended seminars;
- Raising public awareness of the Financial Mechanisms (performance of the publicity activities may be outsourced via service contracts arranged by the NFP and the CPMA):
  - Organisation of the promotion seminars for potential applicants in 10 counties of Lithuania,
  - Preparation and distribution of printed information material and information in media.

The application of the project was submitted to the FMO by NFP on 21 July 2006 for approval. After the correspondence between the NFP and the FMO (the FMOs request for clarification was sent on 28 August 2006, the NFP responded on 19 September 2006) the application was approved on 17 November 2006.

On 24 November 2006 the Grant Offer Letter was received. The acceptance of the Grant Offer Letter was submitted to the FMO on 14 December 2006. The PIP was sent to the FMO on 25 January 2007. By the cut-off date of this report the Grant Agreement was not received.



## 2. PROGRESS OF PROJECT SELECTION IN LITHUANIA

### General information

Appraisal and selection process of individual projects in Lithuania is shown in Figure 1. After registration of submitted applications, the CPMA performs three-stage assessment of received projects: administrative compliance, eligibility and value for money. First two assessment stages are carried out by the CPMA employees and value for money assessment is performed by an evaluation committee consisting of representatives of line ministries, contracted experts, social partners and the CPMA staff.

If some information or documents are missing in the applications, or some facts are difficult to interpret, a project promoter upon written request has an opportunity to provide additional documents or clarifications. Nevertheless, it is not allowed to alter the essence of the project or gain any additional preference compared with other projects as result of submission of additional information.

Upon completion of the assessment, the CPMA prepares the final assessment report and submits it to the NFP. Before making the final decision on which projects are to be submitted to the FMO, the NFP consults with the Monitoring Committee and line ministries.

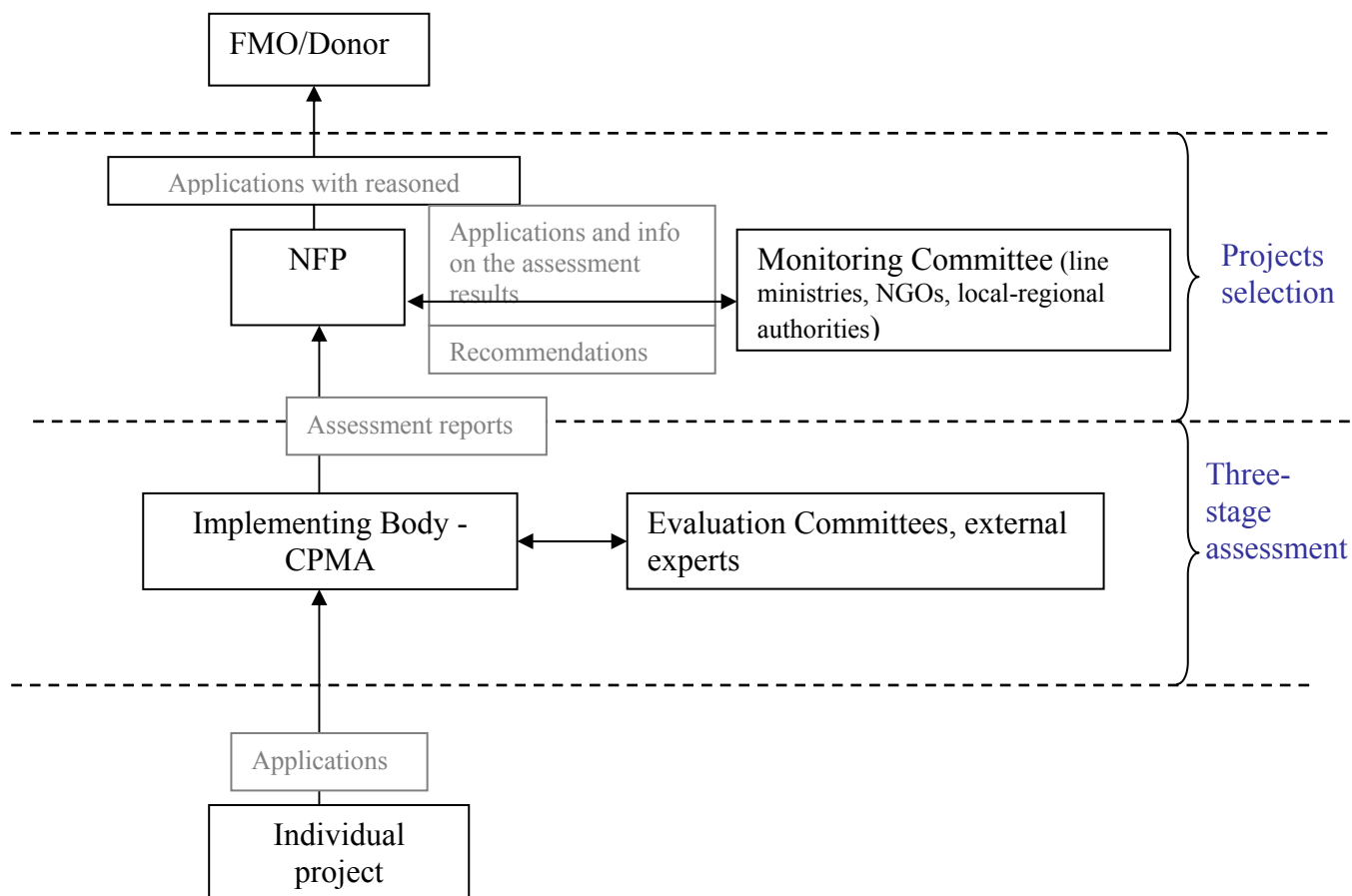


Figure 1. Appraisal and selection process of individual projects in Lithuania

### Results of the first call for individual projects proposals

Applications of the first call for individual project proposals had to be submitted by 2 November 2006. Altogether 206 applications were received by that deadline and project promoters applied for more than 150 million euros. The demand for financial support is about 8 times higher than allocated funds for first

call for individual projects (20 million euros). The distribution of the demand for grant per priority areas is described in Section 4 “Project Promoter”.

Administrative compliance assessment commenced immediately after registration of received applications. The pool of administrative compliance appraisers consisted of 11 project managers and project administrators of the CPMA and each application was evaluated by two employees. In addition both the administrative compliance and eligibility assessment reports are to be verified by the Quality Assurance and Control Division of the CPMA.

General quality of applications was not quite low, therefore 195 official letters were sent to project promoters asking for additional information or documents. The most typical problems were missing supporting documents, omitted signatures, ambiguities regarding real estate ownership and construction permits, improperly filled budgets.

Most of project promoters provided necessary documents and clarifications therefore only 13 out of 206 applications did not pass the administrative compliance assessment. Some project promoters decided not to proceed with project implementation and did not submit requested documents or explanations. Significant number of the failed project promoters had problems with real estate property documents. Administrative compliance assessment report was approved by the Director of the CPMA on 31 January 2007.

After administrative compliance assessment, competition in some priority areas slightly went down (see Figure 2). Nevertheless, demand for the Norwegian Financial Mechanism and EEA Financial Mechanism funds exceeded 140 million euros while only 19.928 million euros were available.

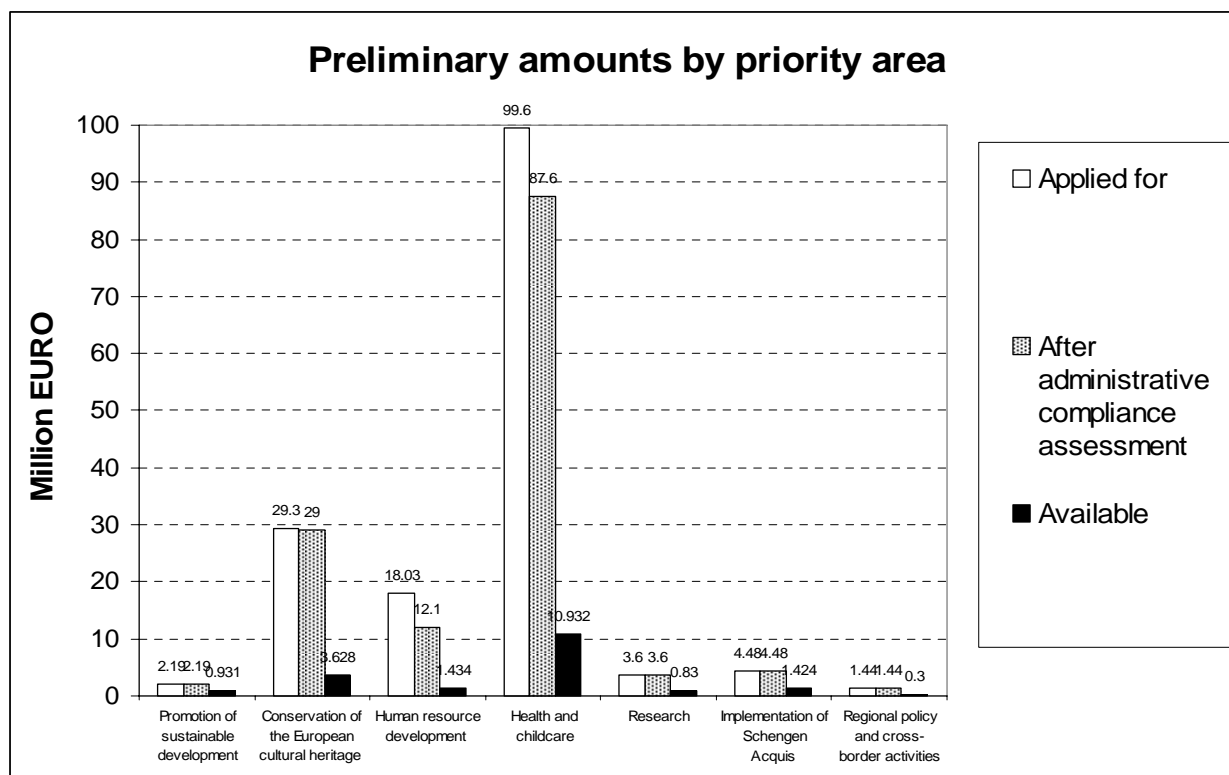


Figure 2. Preliminary amounts of submitted applications by priority areas prior and after administrative compliance assessment.

Eligibility assessment of 193 applications was performed by a pool of 12 project managers and project administrators of the CPMA. As in the case of administrative compliance assessment, each application was evaluated by two employees. 80 official letters were sent to project promoters asking for additional

information or documents. The most typical problems were improperly filled budgets and lack of justification for partnership. Eligibility assessment is expected to be completed by mid March 2007.

The Evaluation Committee for value for money assessment was established by the Order of the Director of the CPMA on 12 February 2007. The Evaluation Committee chaired by the CPMA Senior Project Manager consists of 31 voting member (including chairman), a Secretary and 4 Observers. Major part of the voting members (17) was delegated by the line ministries. In addition to the Chairman and the Secretary, the CPMA assigned 6 employees as ordinary voting members of the Committee and 7 external experts with relevant expertise were contracted. The observers were delegated to the Committee by the NFP, the National Health Council, the NGO Confederation for Children and the Lithuanian Museum Association. The value for money assessment is expected to be completed in April, 2007.

### **Other open calls**

The open call for proposals to become Intermediary for the block grant “Strengthening Administrative Capacities of Regional and Local Authorities” was announced on 10 January 2007. The end of the open call is settled for 15 March 2007. Thus the assessment process do not started yet.

During the reporting period no other calls for proposals were organised.

### **3. FINANCIAL PROGRESS PERTAINING TO COMMITMENTS AND DISBURSEMENTS**

During the reporting period the following block grants were approved by the donors:

1. NGO fund - 8% from 5 years EEA/NOR allocations - 5 MEUR;
2. Transferring experience and strengthening co-operation among local, regional and euro regional partners in Lithuania and Norway - 8% from 5 years NOR allocations - 3 MEUR;
3. Seed money - 1% from 5 years EEA/NOR allocations - 0,629 MEUR;

Technical assistance for management of the Financial Mechanisms is the first approved individual project - 2% from 5 years EEA/NOR allocations - 1,26 MEUR.

During the reporting period no disbursements were made.

#### 4. PROJECT PROMOTERS

Applications of the first call for individual project proposals had to be submitted by 2 November 2006. Altogether 206 applications were received by that deadline and project promoters applied for more than 150 million euros. As can be seen in the Figure 3, almost 100 million euros were requested for improvement of health and childcare in Lithuania, almost 30 million euros – for conservation of European cultural heritage and 18 million euros - for human resource development. Promotion of sustainable development and regional policy and cross-border activities attracted far less attention.

If compared with the available funds, the highest competition is expected among human resource development projects followed by health and childcare projects and projects dedicated to conservation of European cultural heritage. The lowest competition is expected among projects promoting sustainable development and projects implementing Schengen Acquis.

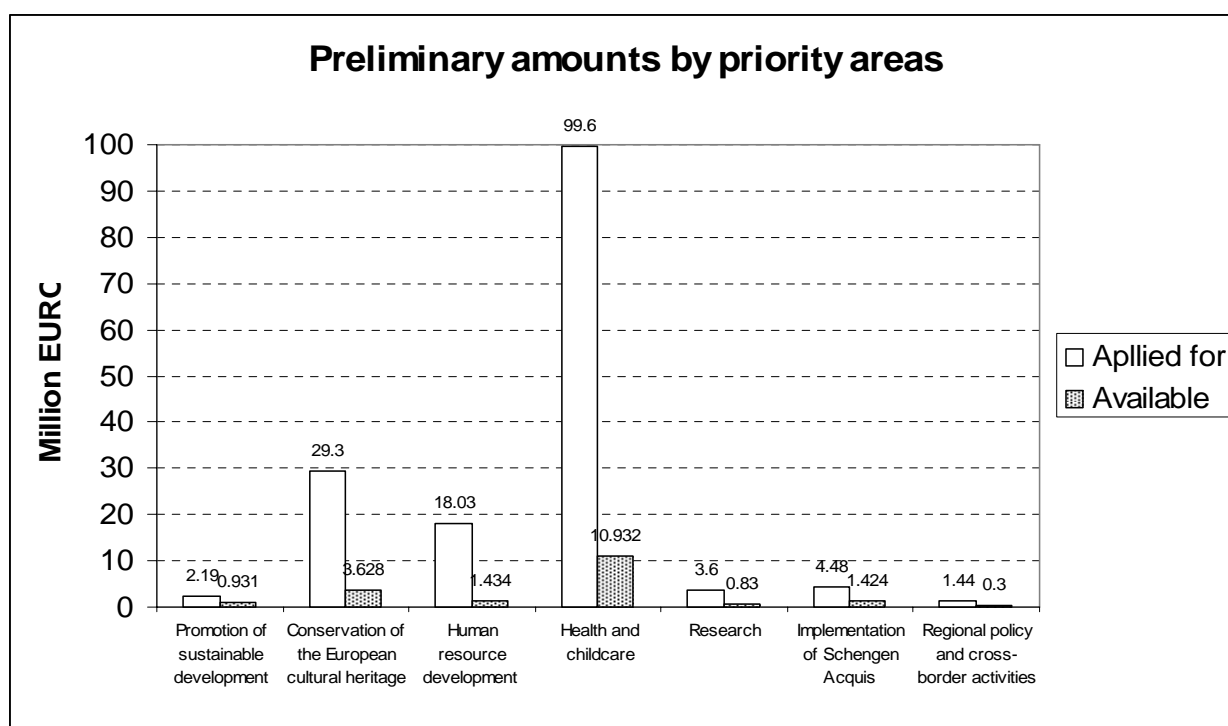


Figure 3. Preliminary amounts of submitted applications by priority areas.

Absolute majority of project promoters came from the public sector (see Figure 4). Only 5 private companies applied for the Norwegian Financial Mechanism funds. Municipalities, Counties and governmental institutions accounted for almost 30 percent of all applications, the rest being from various public institutions ranging from universities and hospitals to NGOs and foster homes for children.

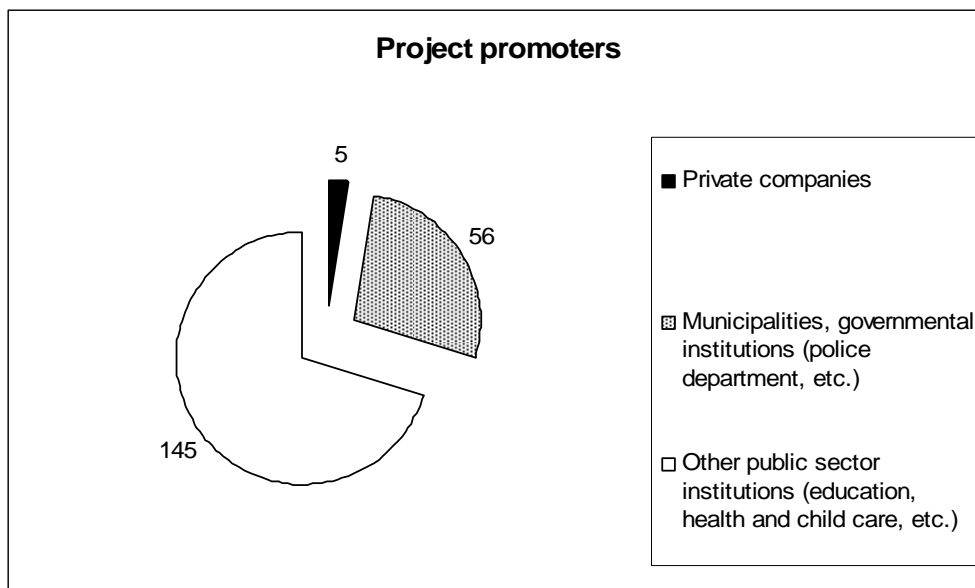


Figure 4. Distribution of project promoters by their status.

Major part of projects applied for less than 800 thousand euros (see Figure 5), therefore average project size including national co-financing did not exceed 900 thousand euros. The biggest project came from Kaunas County Administration asking for almost 6.5 million euros for improvement of childcare accessibility and quality in the Kaunas region.

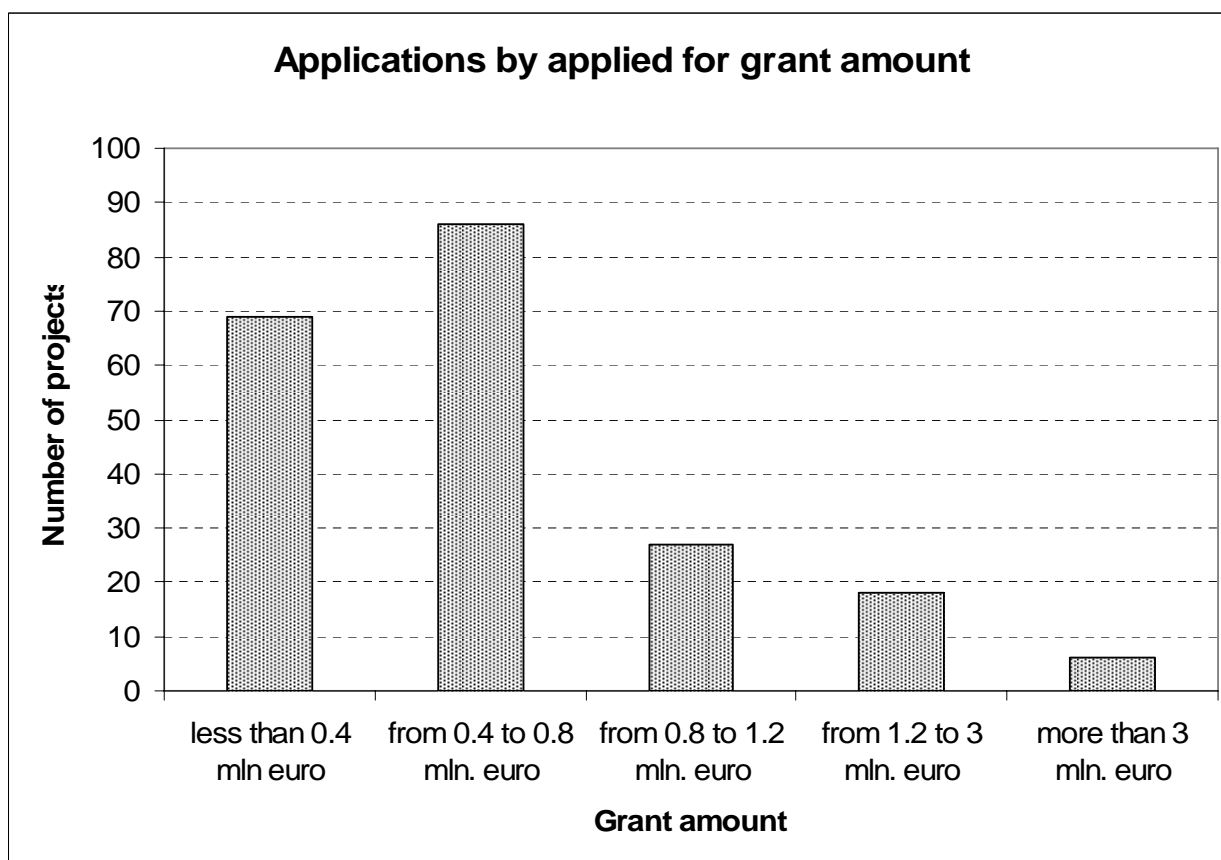


Figure 5. Distribution of applications by applied for grant amount.

Applications came from all over the country (see Figure 6). The biggest number of applications came from Vilnius County followed by Kaunas and Šiauliai Counties. This was not surprising because Vilnius and Kaunas Counties are the most populated. 27 projects were not connected to a specific region and planned to be implemented throughout the country.

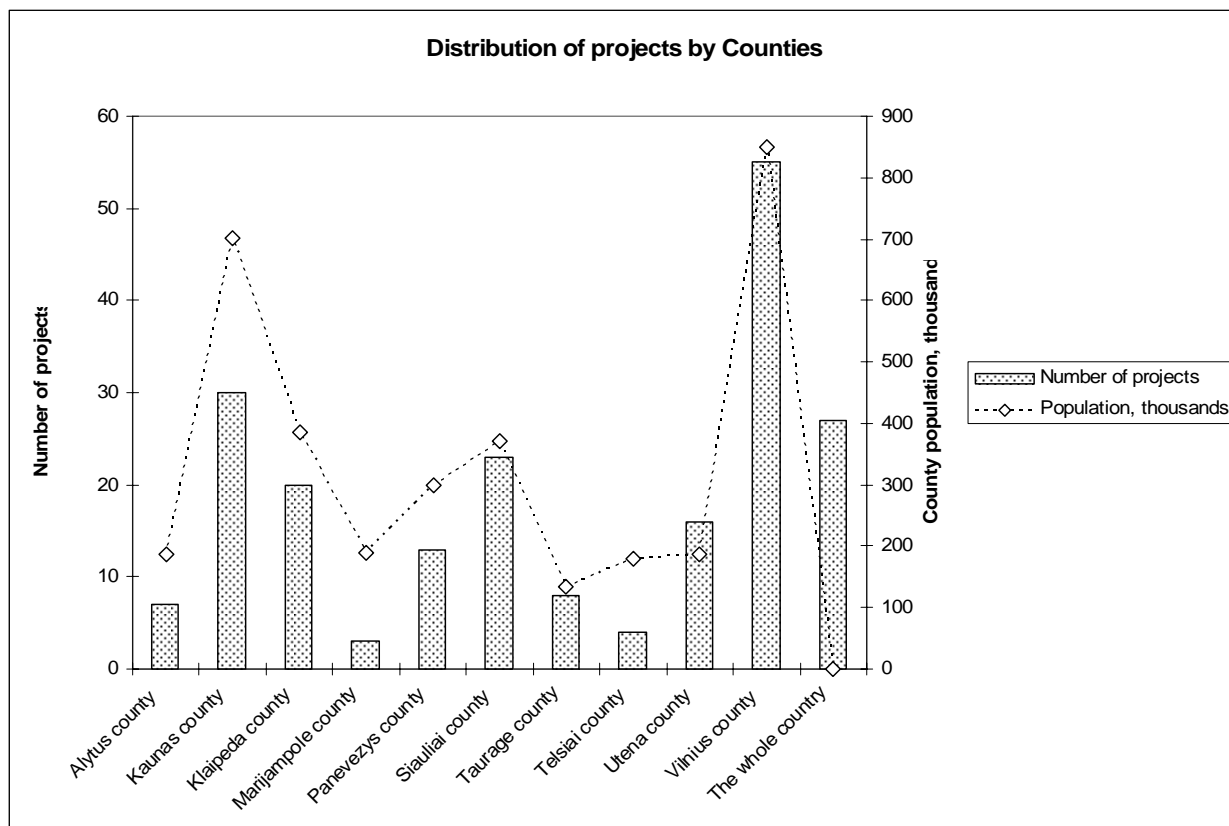


Figure 6. Distribution of projects by its implementation area

The list of projects prepared with the partners from Norway is attached as Annex 1.

## 5. TARGET GROUPS

N/A at this stage. So far there were no approved individual projects or sub-projects under the block grants.

## 6. COMPLIANCE WITH COMMUNITY POLICY AND LEGAL ISSUES, INCLUDING TENDERING AND PROCUREMENT

No state aid schemes are envisaged under the implementation of the Norwegian Financial Mechanism. One of the assessment criteria of the applications will be projects compliant with the EU legislation. Tendering and procurement will be implemented following the Law of the Republic of Lithuania on Public Procurement which has been harmonized with the EU legal acts.

## 7. CROSS CUTTING ISSUES

N/A at this stage. Cross cutting issues will be assessed during the assessment process of the application.

It is likely that the implementation of the Norwegian Financial Mechanism will strengthen bilateral relations between Lithuania and Norway via joint projects (individual and under the Block grant for transferring experience and strengthening co-operation among local, regional and euro regional partners in Lithuania and Norway).



## **8. MANAGERIAL SET-UP IN LITHUANIA**

The managerial set-up for Norwegian Financial Mechanism in Lithuania composed of the following institutions:

- National Focal Point;
- Implementing Body;
- Monitoring Committee;
- State Treasury Department of the Ministry of Finance;
- Supreme Audit Institution.

### **NATIONAL FOCAL POINT**

The Ministry of Finance is the NFP. According to the relevant Memoranda of Understanding, implementation of NFP functions within the Ministry of Finance of the Republic of Lithuania shall be performed by the European Union Programmes Management Department of the Ministry of Finance.

However following the Order of the Minister of Finance of the Republic of Lithuania No. 1K-030 adopted on 1 February 2007, the European Union Programmes Management Department of the Ministry of Finance was restructured into 2 Departments (European Union Cohesion Policy and Structural Assistance Coordination Department and Operational Programmes Management Department) and a separate International Financial Assistance Coordination Division.

Thus starting from 1 February 2007 all functions prescribed to the European Union Programmes Management Department of the Ministry of Finance by the relevant Memoranda of Understanding will be performed by the International Financial Assistance Coordination Division. The FMO was informed about the changes in the administrative structure of the NFP in February 2007.

The NFP has the overall responsibility for the management of the Norwegian Financial Mechanism's activities in Lithuania as described in respective MoU, Rules and Procedures for implementation of the Norwegian Financial Mechanism adopted by the Ministry of Foreign Affairs of Norway, including the overall responsibility for the use of funds, financial control and audit.

### **IMPLEMENTING BODY**

Certain tasks are assigned to the CPMA, which acts as an Implementing Body for the Norwegian Financial Mechanism. CPMA is a public institution established by the Ministry of Finance. The functions of the CPMA were reported by the previous report.

### **THE MONITORING COMMITTEE**

Monitoring Committee was established by the Government Resolution No. 941 of 29 August 2005. The personal composition was approved by Decree of the Minister of Finance on 21 September 2005. The Monitoring Committee is composed of the representatives of the Ministry of Finance (the chairman and the deputy chairman), Ministry of Environment, Ministry of Culture, Ministry of Justice, Ministry of Education and Science, Ministry of Social Security and Labour, Ministry of Transport, Ministry of Health, Ministry of Interior, Ministry of Economy, Ministry of Foreign Affairs, Ministry of Agriculture, Association of Local Authorities in Lithuania, Union of the County Governors, Non-governmental organisations, Central Project Management Agency. Other institutions interested and the representatives of the FMO shall be invited to the meetings of the Monitoring Committee as observers.

The functions of the Monitoring Committee were reported by the previous report.

## **STATE TREASURY DEPARTMENT OF THE MINISTRY OF FINANCE**

In order to increase the quality of operations and ensure good business practices, the financial management is separated from other functions of the NFP. Management of all operations related to financial transactions is assigned to the State Treasury Department of the Ministry of Finance. The functions of the State Treasury Department were detailed in the previous report.

## **SUPREME AUDIT INSTITUTION**

The State Control of the Republic of Lithuania (Supreme Audit Institution) is involved and has the right to carry out audits of projects. The competence of the State Control is supervising the lawfulness and effectiveness of the management and use of the state property and the implementation of the state budget. To that end State Control carries out audits of state budget implementation; of use of state funds; of use by respective fund management institutions and beneficiaries of funds of the European Union allocated to the Republic of Lithuania and implementation of programmes in which Lithuania participates.

## **9. PUBLIC AWARENESS**

### **9.1 General measures**

The separate web page – [www.eeagrants.lt](http://www.eeagrants.lt) was designed for the Financial Mechanisms during the previous reporting period. This webpage forwards the searcher in to the particular section in the webpage of the Ministry of Finance.

During this reporting period the respective parts of the web pages [www.finmin.lt](http://www.finmin.lt) and [www.cpma.lt](http://www.cpma.lt) were updated regularly.

The webpage of the Ministry of Finance is available in Lithuanian and the key topics in English. The webpage of the CPMA is available only in Lithuanian. All the approved financial mechanism's guidelines, the MoU, Rules and Procedures, application form can be downloaded from these web pages.

#### **9.1. Publicity measures for individual projects**

During the reporting period the NFP and CPMA implemented effective public information program, which substantially contributed to the success of the first call for individual project proposals.

The main constituents of the public information program were 11 seminars for potential applicants organized in main cities of Lithuania and open-office days at the CPMA office, where each visitor was given an opportunity to consult individually with the CPMA and NFP employees.

Seminars took place in 10 counties covering the whole Lithuania on July 18 – August 11, 2006. Seminar presentations included information on general framework of the Norwegian financial mechanism, structure of legal acts of the first call, eligibility rules, project appraisal, selection and implementation procedures of the projects, application filling and cross-cutting issues. Seminar participants were encouraged to ask questions.

More than 500 potential applicants took part in the seminars with the biggest numbers being in Vilnius (150 attendees), Kaunas (100 attendees), Klaipėda (60 attendees) and Panevėžys (50 attendees). Due to high demand, two seminars were organized in Vilnius city instead of one, as initially planed.

Over 100 potential applicants took part in the open-office days organized in September 2006. Each visitor had one hour to discuss issues related to project development and completion of an application with the CPMA and NFP staff members. Prior to the meetings visitors had to fill in a questionnaire placed on the CPMA website, which helped the CPMA employees to prepare more customized answers. As seen in Figure 7 informal education of children and youth, conservation and adaptation of cultural heritage buildings and renovation of foster care homes were the most popular subjects among open-office days visitors.

In addition, both the NFP and CPMA continuously provided consultations to potential applicants and other interested parties via phones and e-mails.

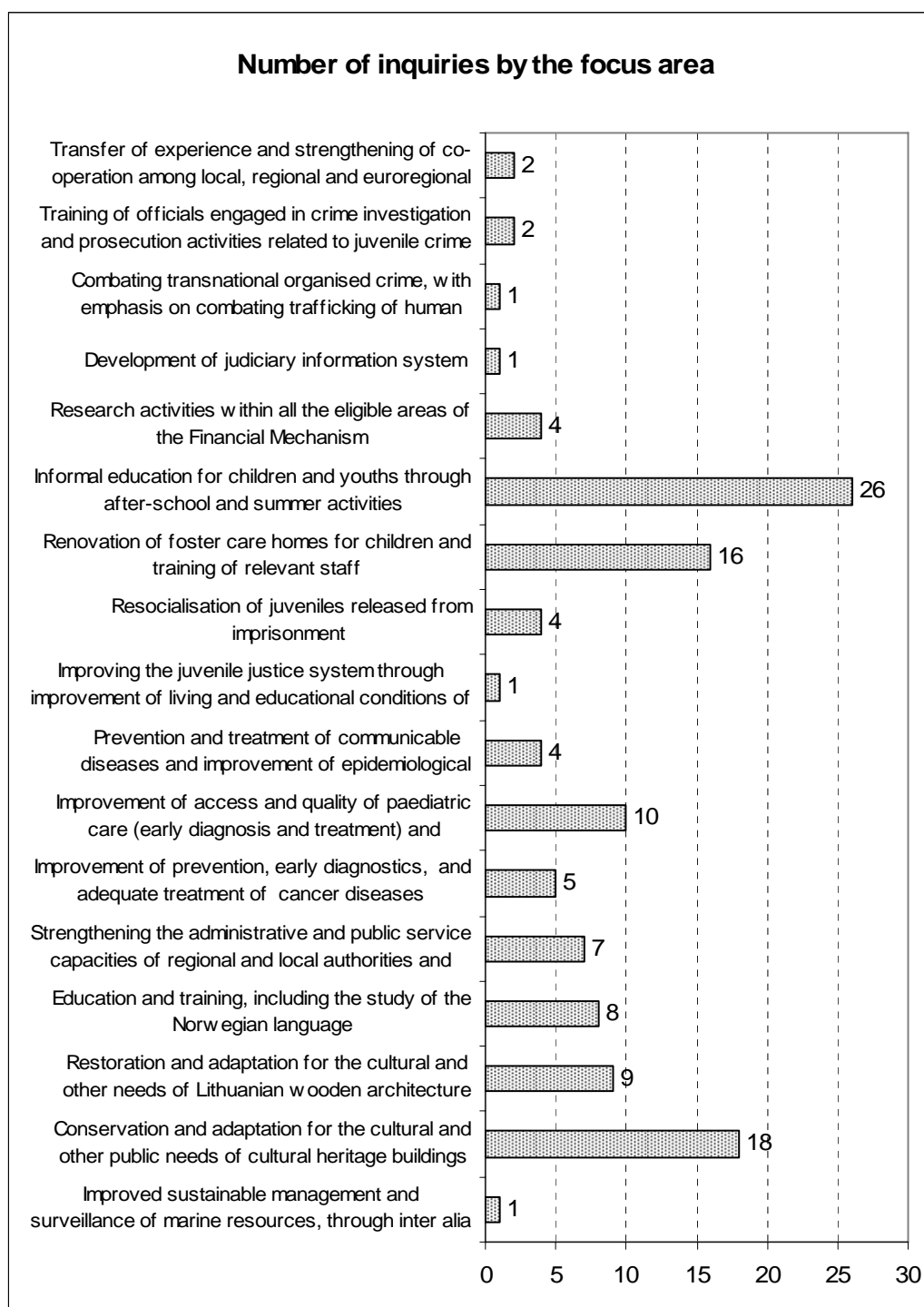


Figure 7. Number of inquiries during the open-office days per focus area of the Norwegian financial mechanism.

### 9.3 Publicity measures for block grants

As the implementation of all block grants is in the primary stage only few publicity measure to promote these block grants were carried out. The main promoting measure was the presentations given by NFP to various potential applicants (for example NGOs, Municipalities, Counties and etc.).

For more details please see the Communication Action Plans for 2006 (Annex 2) and 2007 (Annex 3).

## 10. PLANNING FOR THE FOLLOWING YEAR: FIELDS OF INTERVENTION AND MEASURES AND A WORK PLAN

### 10.1 Fields of intervention

On 14 February 2006 meeting of Monitoring Committee it was decided to initiate internal consultations on possible Lithuanian focus areas for 2006-2009 years period (Annex B of the MoU). The institutions concerned presented their suggestions by the beginning of June 2006. The internal discussion ended when the Monitoring Committee approved the list of focus areas for 2006-2009 years period and authorised the NFP to start the negotiation with the donors (24/10/2006).

Afterwards NFP initiated discussions with the FMO about the focus areas to be financed under the second call for individual projects proposals. The high level meeting was organised on 12 December 2006. Following the discussions of the high level meeting Lithuania updated list of Lithuanian focus areas proposed for the 2nd call for individual projects. The aforementioned focus areas were approved by the members of the European Economic Area and Norwegian Financial Mechanisms' Monitoring Committee on 16 January 2007. The donors approved them on 31 January 2007. The approved focus areas are listed in Annex 4.

### 10.2 Work plan for the following reporting year

Lithuanian work plan for the next monitoring period (February 2007-February 2008) is presented in the table below:

| Task  | I<br>quarter<br>2007 | II<br>quarter<br>2007 | III<br>quarter<br>2007 | IV<br>quarter<br>2007 | I<br>quarter<br>2008 |
|---|----------------------|-----------------------|------------------------|-----------------------|----------------------|
| Tasks related to the individual projects  |                      |                       |                        |                       |                      |
| Administrative compliance and eligibility assessment of the first call individual projects                          | X                    |                       |                        |                       |                      |
| Value for money assessment of the first call individual projects  | X                    | X                     |                        |                       |                      |
| Selection of the first call individual projects and submission to the FMO   |                      | X                     | X                      |                       |                      |
| Preparation and signature of the grant agreements for the first call individual projects between the NFP and Donors |                      |                       |                        |                       | X                    |
| Preparation and signature of the project implementation agreements among the CPMA, NFP and Project Promoters        |                      |                       |                        |                       | X                    |
| Second call for individual project proposals  |                      |                       |                        |                       | X                    |
|   |                      |                       |                        |                       |                      |

| Tasks related to the block grants   |   |   |   |   |   |
|---|---|---|---|---|---|
| Conclusion of the grant agreement for NGOs Fund between NFP and donors, preparation and conclusion of the Fund implementation agreement between NFP and CPMA  |   | X |   |   |   |
| Procurement of the secretariat of the NGO Fund  |   | X | X |   |   |
| Preparations and open calls for sub-projects under the NGOs Fund  |   |   | X | X | X |
| Conclusion of the grant agreement for Block grant “Transferring experience and strengthening co-operation among local, regional and euro regional partners in Lithuania and Norway” between NFP and donors, preparation and conclusion of the Fund implementation agreement among NFP, MoI and CPMA |   | X |   |   |   |
| Procurement of the secretariat of the Block grant “Transferring experience and strengthening co-operation among local, regional and euro regional partners in Lithuania and Norway”   |   | X | X |   |   |
| Preparations and open calls for sub-projects under Block grant “Transferring experience and strengthening co-operation among local, regional and euro regional partners in Lithuania and Norway”  |   |   | X | X | X |
| Appraisal of proposals for Intermediary for Block grant “Strengthen the administrative capacities of regional and local authorities”  | X | X |   |   |   |
| Selection of Intermediary for Block grant “Strengthen the administrative capacities of regional and local authorities”  |   | X | X |   |   |
| Finalisation and submission to FMO Block grant’s “Strengthen the administrative capacities of regional and local authorities” application   |   |   | X | X |   |
| Preparation of open call documentation for sub-projects under the Seed money facility   | X |   |   |   |   |
| Open call for sub-projects under the Seed money facility  | X |   |   |   |   |
| Appraisal and selection of sub-projects of the Seed money facility  |   | X | X |   |   |
| Preparation and signature of sub-project implementation agreements under the Seed money facility  |   |   | X |   |   |
| Implementation of the Seed money facility sub-projects  |   |   |   | X | X |
| Tasks related to the TA   |   |   |   |   |   |
| Signature of the grant agreement  |   | X |   |   |   |
| Preparation and signature of the TA implementation agreement between the NFP and CPMA   |   | X |   |   |   |

### 10.3 Audit plan for the following reporting year

Audit plan for February 2007 – February 2008 is presented in the table below:

| No. | The auditor         |                           | Time of audit | Title of audit   |
|-----|---------------------|---------------------------|---------------|--|
| 1.  | Ministry of Finance | Internal audit department | 2007-2008     | System audit of the Financial Mechanism's management, implementation and monitoring in the Ministry of Finance |

After the grant agreements will be signed the CPMA will plan and organise audits and spot-checks on implementation of the projects/block grants.

#### **10.4 Publicity Plan**

The Communication Action Plans for 2007 is presented as Annex 3.

## CONCLUSIONS

It could be concluded that during the reporting period the implementation phase of the Norwegian Financial Mechanism has begun. Thus all the action of the NFP and other institutions involved undertaken in the reporting period from February 2006 till March 2007 were concentrated on the organisation of the first call for individual project proposals and drafting the block grants applications.

The NFP is pleased to summarize that 3 of 4 block grants applications were approved by the donors and will be started to implement during the next reporting period.

The implementation phase had just begun thus it has not been possible to assess the implementation of the Financial Mechanism and reaching the objectives of the Financial Mechanism. Also cross-cutting issues such as sustainable development, gender equality, good governance or bilateral co-operation will be subject of the future reports.

It is likely that the actions of the institutions involved in the Norwegian Financial Mechanism in the next reporting period will be concentrated on tasks related to the open calls, appraisal and selection of the project proposals and in further perspective – to the monitoring, control and audit of the projects under implementation.

With regard to the programming framework it could be named that the specific fields of intervention for the next programming period were agreed by the NFP and the donors.



# **ANNEXES**