

Results-Based Management Guidance

A practical guide for designing, implementing and closing programmes following a results-based management approach in the EEA and Norway Grants 2021-2028

Prepared by the Financial Mechanism Office

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Acronyms of stakeholders

DPP	Donor Programme Partner
FMO	Financial Mechanism Office
FMC	Financial Mechanism Committee of the Donor States
IPO	International Partner Organisation
FO	Fund Operator
NFP	National Focal Point
PO	Programme Operator

1. Introduction

Results-Based Management (RBM) is enshrined in the Regulations, which states that the implementation of the grants shall follow a 'results and risk management approach' (Article 1.3). Results-Based Management enables programmes to identify issues, plan and implement activities, and achieve agreed results in a way that that is efficient and accountable.

This guidance document aims to guide stakeholders through the main principles and practices of Results-Based Management and how to efficiently implement it in the Grants. This document is primarily written for National Focal Points (NFPs), Programme Operators (POs), Fund Operators (FOs), Donor Programme Partners (DPPs) and staff of the Financial Mechanism Office (FMO) secretariat. International Partner Organisations (IPO), Project Promoters and donor project partners will also find it valuable for understanding how their work contributes to the overall success of a programme.

Results-Based Management was successfully institutionalised in the 2014-2021 Financial Mechanism. This guidance document has been revised for the 2021-2028 Financial Mechanism period and draws on many lessons learned. The authors are grateful for all the input that has helped us to streamline RBM systems and processes for the 2021-2028 period. The Results-Based Management Guidance complements the [Regulations](#)¹ and in case of any conflict the provisions in the Regulations take priority.

Chapter 1 of the RBM Guidance provides a background to the Grants, the programme model and organisational structure. Chapter 2 introduces the programme cycle, and basic RBM theory and concepts. Chapter 3 presents the programme design phase, which involves developing a Theory of Change and Results Framework and writing the Concept Note and Programme Agreement. Chapter 4 presents the programme implementation phase, and describes processes for effectively managing programmes, including monitoring, risk management and reporting. Chapter 5 presents the programme closure phase, which includes the evaluation of programmes and results reporting in the Final Programme Report.

About the EEA and Norway Grants

The EEA and Norway Grants, hereby 'the Grants', have made available €3,268 billion in the 2021-2028 funding period. The Donor States of Iceland, Liechtenstein, and Norway work closely with fifteen EU Member States in Central and Southern Europe and the Baltics (Beneficiary States)² to contribute to towards two Grant-level objectives:

- Reducing social and economic disparities; and
- Strengthening bilateral cooperation.

The programme areas funded in the period 2021-2028 reflect the priorities agreed in Protocol 38D to the EEA Agreement establishing the [EEA Financial Mechanism 2021-2028](#) and the agreement between the Kingdom of Norway and the European Union on the [Norwegian Financial Mechanism 2021-2028](#).

¹ Regulation on the implementation of the EEA Grants 2021-2028. (2025). Adopted by the EEA Financial Mechanism Committee pursuant to Article 9.4 of Protocol 38d to the EEA Agreement on 7 January 2025 and confirmed by the Standing Committee of the EFTA States on 27 January 2025. Available at <https://eeagrants.org/resources/regulation-implementation-eea-grants-including-annexes-2021-2028>

² Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia.

Fifteen programme areas and three funds have been elaborated in detail in the [Blue Book](#), the policy framework for the EEA and Norway Grants. The Blue Book also describes how the Grants will promote three overall thematic priorities:

- European green transition
- Democracy, rule of law and human rights
- Social inclusion and resilience

Digitalisation will be mainstreamed and form part of all relevant programme areas. Transparency, accountability, and cost efficiency shall be applied throughout implementation, together with good governance, partnership and multi-level governance, sustainable development, gender equality and non-discrimination. Gender equality is a core value in the implementation of the EEA and Norway Grants and will be integrated throughout all programme areas.

Bilateral cooperation will be operationalised through Donor Programme Partners at programme level, donor project partners at project level, and through bilateral funds set aside in each of the Beneficiary States. Bilateral cooperation is elaborated further in the Bilateral Guideline.

All programmes and activities shall be based on the common values and principles of respect for human dignity, freedom, democracy, equality, the rule of law and the respect for human rights, as described in Regulations (Article 1.3).

The Grants use an information system called GrACE (Grants Administration and Collaboration Environment). The templates provided or referenced in this document are integrated into GrACE, allowing the National Focal Points and Programme Operators to make submissions through the system.

The Programme Model

The EEA and Norway Grants utilise a programme model. A programme is a structure setting out a development strategy with a coherent set of measures to be carried out through projects with the aim of achieving agreed objectives and outcomes (Regulations, Article 1.6). Figure 1 presents a schematic representation of a programme model in the Grants.

All programmes shall contribute to the **grant-level objectives**: Reducing social and economic disparities; and strengthening bilateral cooperation. The Blue Book contains a list of Programme Areas supported in the 2021-2028 period and describes how each Programme Area may contribute to the Grant level objectives.

Each programme is designed based on one or more programme areas from the Blue Book. The **programme objective** is inherited from the programme area objective selected from the Blue Book. If a programme contains more than one programme area, the objective of each will be included. The objective level is above the programme's 'line of accountability'. This means that programmes are not expected to directly achieve the objective or measure results at this level. This is because the objective is high-level, and the effects may be indirect, lagging, or subject to many other external and contextual factors and contributions. Nevertheless, programmes are expected to *contribute* to the high-level programme area objective. A programme's contribution to the objective can be inferred from the results achieved under each programme outcome.

Each programme is typically designed with between one and three **programme outcomes**, plus a bilateral outcome. Programme outcomes should usually be based on the 'Areas of Support' selected from the programme area in the Blue Book.

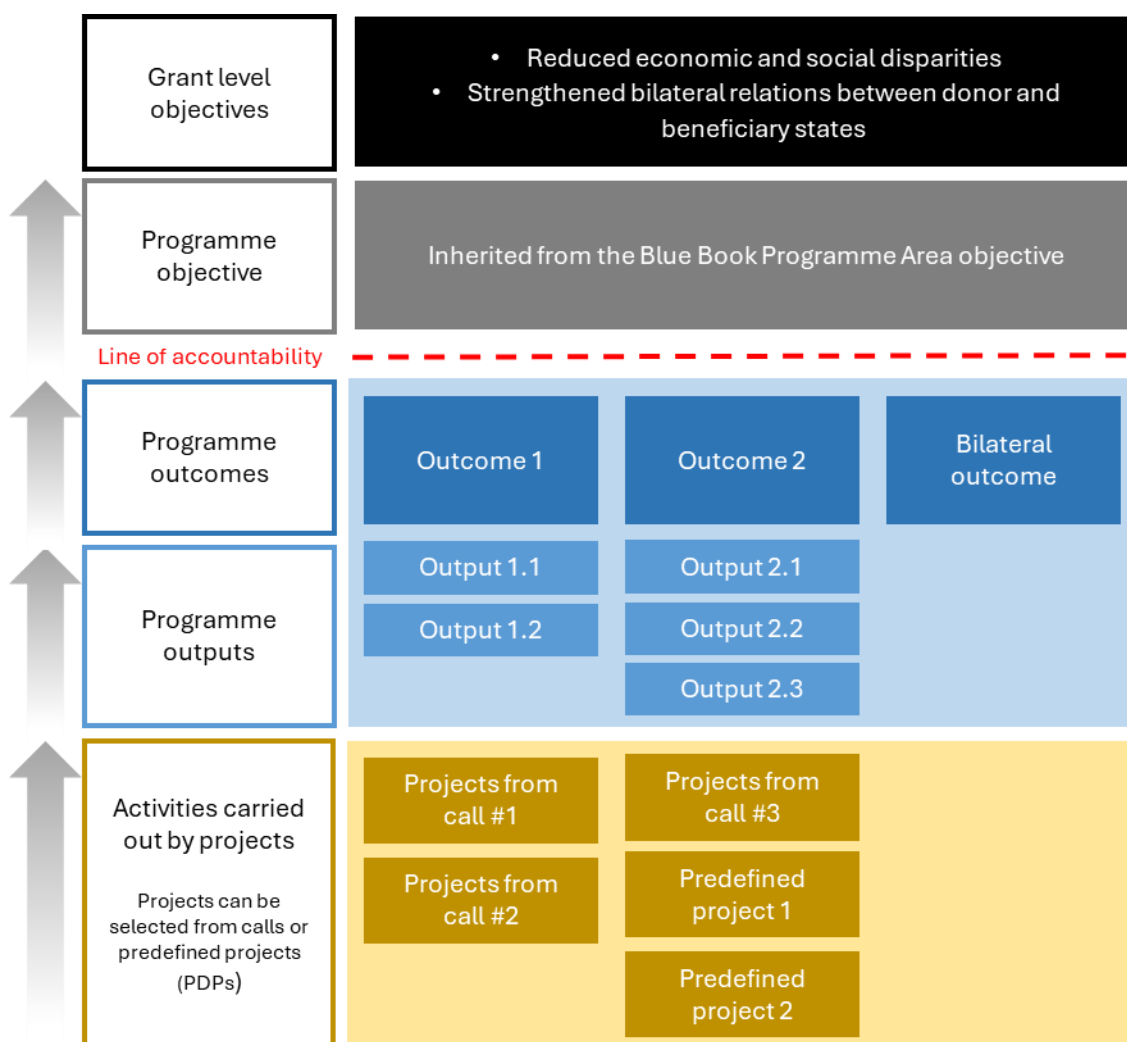
Each outcome should typically have between one and three **programme outputs**. The outputs should logically support the achievement of the programme outcomes. Outcomes and Outputs are discussed further in Chapter 2.

Programme results at both the outcome and output levels are derived from the **projects** contracted by the programme. A project is an economically indivisible series of works fulfilling a precise technical function and with clearly identifiable aims related to the programme under which it falls (Regulations Article 1.6). Projects are contracted through calls for proposals or directly as a predefined project (PDP). Each call, and thus each project, must be situated under only one programme outcome (not multiple outcomes).

Projects that have **donor project partner(s)** will also report results under the bilateral outcome. The bilateral outcome is common across all programmes.

Typically, multiple projects contribute to programme results at both outcome and output levels. The most important quantitative project results are aggregated by the Programme Operator and reported into the programme Results Framework. Qualitative (narrative) results achieved by each project are reported as project level information in the GrACE system.

Figure 1: The programme model



Organisational Structure

A simplified organisational structure of the Grants is presented in Figure 2 and may differ slightly for some programmes.

The **Financial Mechanism Committee (FMC)** is the decision-making body for the EEA Grants. The FMC consists of representatives from the Ministries of Foreign Affairs of Iceland, Liechtenstein, and Norway. The FMC draws up and passes policy, regulations, and guidelines, approves all programmes, and ensures monitoring, control, and evaluations are carried out. The Norwegian Ministry of Foreign Affairs (NMFA) is the decision-making body for the Norway Grants.

Donor Embassies in the beneficiary countries take part in the dialogue between the donor and beneficiary countries and play an important role in communicating the results of the Grants. Donor embassies play a role in determining the use of the Bilateral Fund at national level, together with the NFP.

The **Financial Mechanism Office (FMO)** is the Brussels-based secretariat for the Grants and serves as a contact point between the Donor States and Beneficiary States. The FMO is affiliated with the European Free Trade Association (EFTA) and reports to the Foreign Ministries of Iceland, Liechtenstein, and Norway (the FMC).

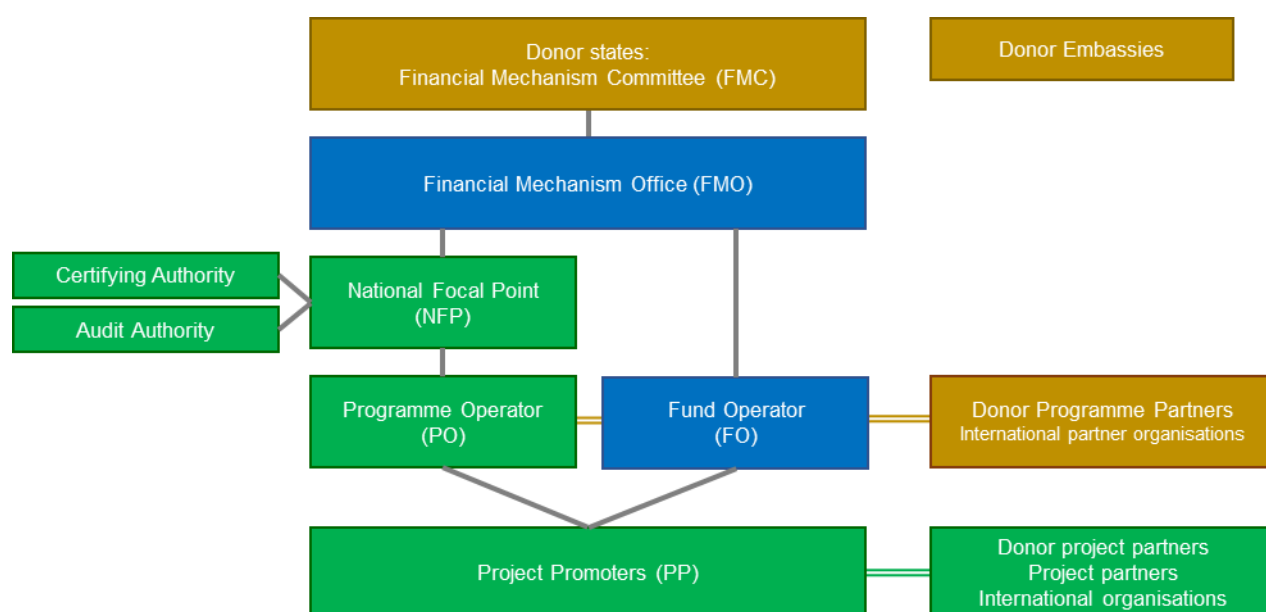
The programme approach implies that considerable responsibility is delegated to the Beneficiary States. Each Beneficiary State has a **National Focal Point (NFP)**, which is a national public entity identified in the Memorandum of Understanding. The NFP holds the overall responsibility for reaching the objectives of the Grants and implementing the Memorandum of Understanding. Most NFPs are located within relevant ministries or public agencies which also have responsibility for managing EU funds.

Programme Operators (POs) in the Beneficiary States are responsible for awarding funding to projects, monitoring project implementation, and achieving results. In most cases the PO is a public institution with strong ties to the area of the programme. For example, the PO for culture programmes is often the Ministry of Culture.

Each Beneficiary State must designate a **Certifying Authority (CA)** is a national public entity, functionally independent of the AA and the PO, identified in the MoU and responsible for certifying financial information. The **Audit Authority (AA)** is a national public entity, functionally independent of the NFP, CA, PO and the auditees, identified in the MoU and responsible for verifying the effective functioning of the management and control system.

In some programmes and funds, it is the FMO who is entrusted with the role of Programme Operator. In these cases, the implementation of the programme or fund is normally performed by an external **Fund Operator (FO)** selected through an open tender process.

Figure 2: Model of the Grants' structure and primary working relationships



Donor Programme Partners (DPPs) are public bodies from Iceland, Liechtenstein, and Norway with national mandates in their respective fields. They work with their counterparts in beneficiary countries to provide expertise and strategic advice on programme planning and implementation and facilitate networking and help project promoters find project partners in donor countries. DPPs are typically members of the Selection Committee (unless otherwise decided in the Programme Agreement) and they are co-decision makers for the use of the bilateral funds at programme level.

International Partner Organisations (IPOs) work on strengthening capacity for good governance, democracy, human rights, and rule of law. The IPOs provide expertise and strategic advice in their fields to the Donors and the FMO overall, and to National Focal Points and Programme and Fund Operators in select programme areas. The IPOs can also be project partners in select projects.

Project Promoters (PPs) are project coordinators responsible for the project application and, if successful, implementing a project. Project Promoters can be any entity, public or private, commercial or non-commercial, or non-governmental, established as a legal person in the Beneficiary State.

Donor project partners are any entity, public or private, commercial or non-commercial, or non-governmental, registered as legal entities in Iceland, Liechtenstein, or Norway. Examples of relevant partners include national directorates, universities, municipalities, hospitals, theatre companies, civil society organisations, and businesses. Donor project partners play an important part in achieving the bilateral objective of the EEA and Norway Grants. Other entities may also partner with Project Promoters, such as international organisations.

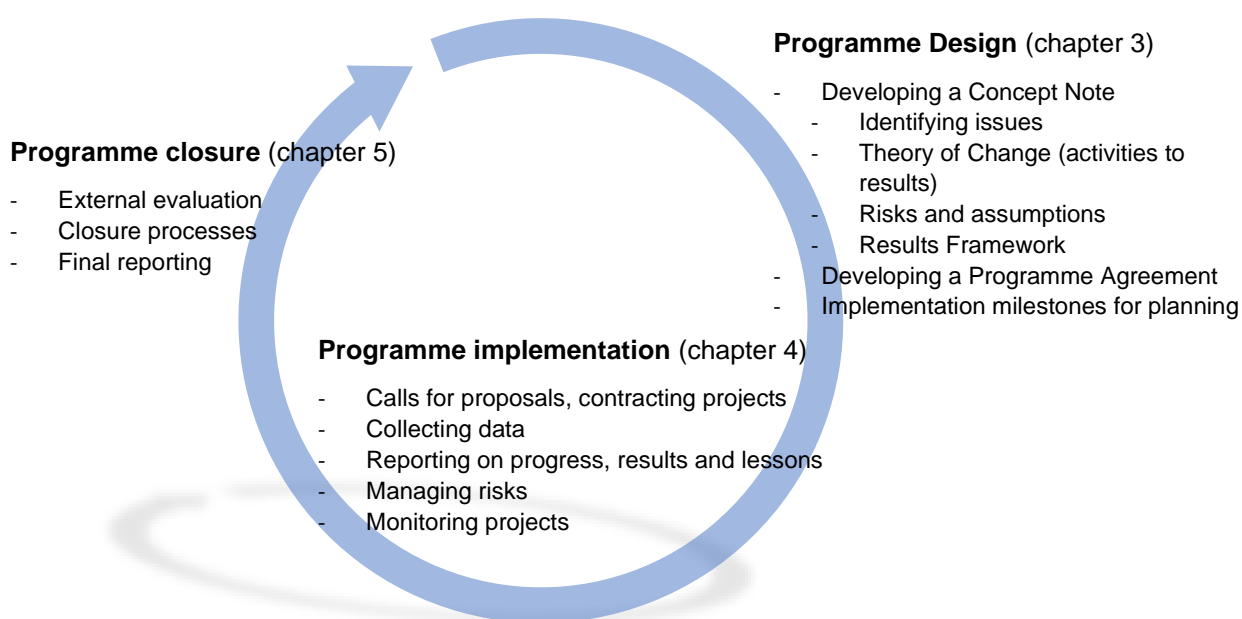
2. Results-Based Management Theory and Concepts

Results-Based Management is a management strategy by which all stakeholders ensure that their processes, products, and services contribute to the achievement of the desired results. All programmes and activities funded by the EEA and Norway Grants shall follow a results and risk management approach (Regulations, Article 1.3).

Historically, public institutions often focused most of their attention on inputs (what they spent), activities (what they did), and outputs (what they produced). While important, this information was not sufficient to know whether they were making the changes that were valued most.

Results-Based Management looks beyond 'what we want to do' (inputs and activities) and instead orientates our mindset towards 'the results we want to achieve' (outputs and especially outcomes). RBM promotes organisational learning and accountability and provides stakeholders with a clear sense of what they want to achieve and the progress towards that achievement. The achievement of results is facilitated by clearly defining expected results at the start of the programme, monitoring progress and risks, and making necessary adjustments during programme implementation. The main phases of Results-Based Management in the Grants programme cycle are shown in Figure 3.

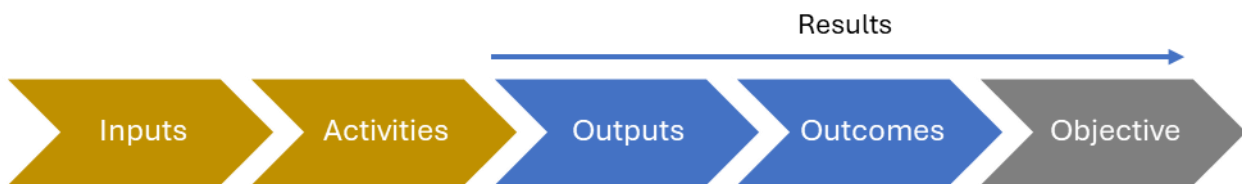
Figure 3: Results-Based Management through the programme cycle



The Results Chain

The results chain (Figure 4) is a simple model that illustrates how the programme's inputs and activities are expected to lead to direct outputs, which in turn lead to the achievement of outcomes by the end of the implementation period. The results chain model also shows that programme outcomes contribute to a high-level objective. The objective level is essentially the same as the 'impact' level. We have chosen to use 'objective level' because it links to the Programme Area objectives in the Blue Book. Like all models, the results chain is a simplification of a complex reality. However, it is a useful starting point for thinking about a programme's design.

Figure 4: Simple results chain model



Inputs are the financial, human, material, technological and information resources used in projects and programmes. In the Grants, these are applied through various modalities, such as calls for proposals and pre-defined projects.

Activities are implemented through various projects contracted by the programme.

Results is an umbrella term for outputs, outcomes, and impacts at the objective level. Results come from projects contracted by the programme. Programme results are the changes that occur due to various activities across multiple projects. We sometimes refer to results as achievements. Results are also achieved at the level of individual projects.

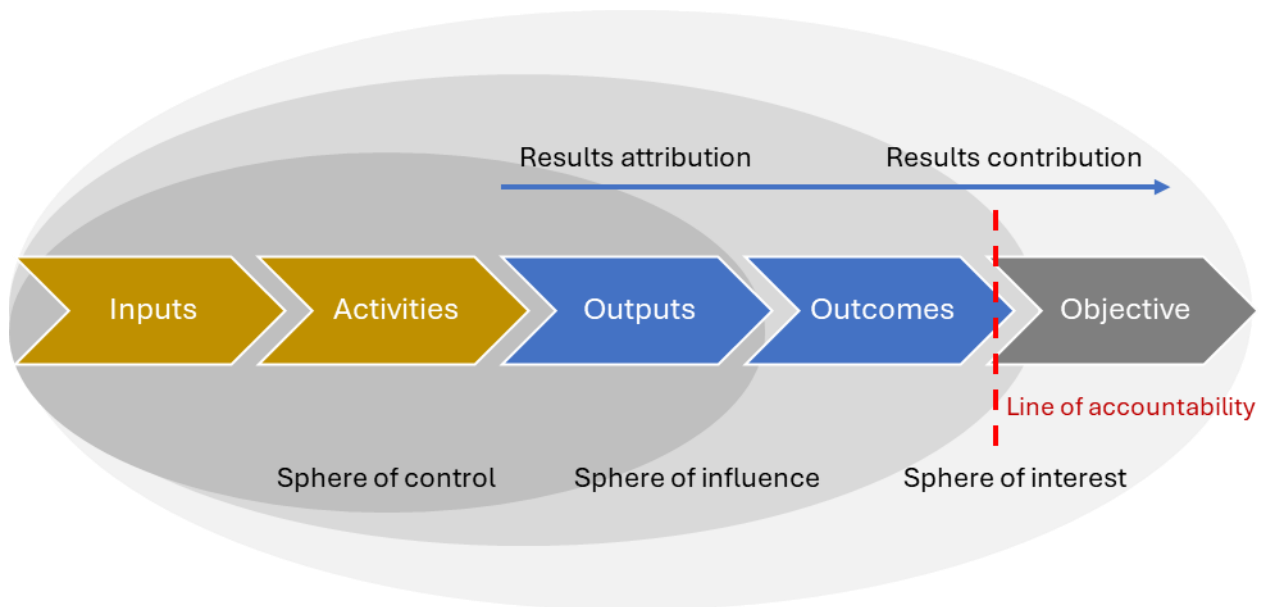
Outputs are lowest level of result we measure in the Grants. Outputs are the products, goods and services directly delivered by projects to the target group. They should be directly observable and measurable and able to be directly attributed to the activities of a project or programme. We can say that outputs are in the programmes' 'sphere of control' because the PO/FO has a strong role in the selection of projects and monitoring their performance.

Outcomes are the most important result level we measure in the Grants. Often the outcome statements are derived from the 'Areas of Support' under each Programme Area in the Blue Book. Outcomes are the higher-level changes that occur through the achievement of various outputs. Outcomes should be achieved within the lifetime of the programme, and their effects on the target group should continue in the future. Sometimes it can be difficult to directly attribute positive or negative outcome-level changes to the programme since multiple factors may be at play. For instance, contextual factors in the previous mechanism included Covid-19, the Ukraine war, and high inflation. Contributions from other actors at the national or EU-level may also influence an outcome-level result. Therefore, the of achievement of some outcomes will be directly attributable to the programme, while in other cases the programme will have made a measurable contribution. We can say that the programme outcomes are within a programme's 'sphere of influence' because the PO/FO has less control over their achievement than they do over outputs.

The **objective** (effectively the impact level) is the highest results level in the Grants. Programmes contribute to the high-level Programme Area objectives in the Blue Book. The objective level relates to

the longer-term effects of a programme on society, the economy, institutions, or the environment. Objective-level results are often difficult to measure and attribute to the programme directly. For instance, results may be influenced positively or negatively by contextual factors (e.g. the economy, political events), and by other programmes supported by other actors. Furthermore, results at this level may take a longer time than one programme period to materialise. For these reasons, programmes are not required to measure results at this level as it is above their 'line of accountability'.³ Nevertheless, the objective is within the programme's 'sphere of interest' and should be oriented towards it. When a programme achieves its outcomes, we may infer that it has contributed to positive changes at the objective-level. Programme Operators are still expected to provide narrative text in their reporting on how their programme contributes to the objective level.

Figure 5: Results chain showing levels of control and attribution of results



Theory of Change

With an understanding of a simple results chain and related terminology, we can develop a more sophisticated and useful model for a programme design. Every programme should be based on an underlying theory (or hypothesis) of how and why a desired change is expected to happen. The 'Theory of Change' is a model of how a programme intends to allocate its resources to implement certain activities, which are expected to result in certain direct outputs and the achievement of a few important programme outcomes. The Theory of Change model is often used in complex or multifaceted programs where the path to desired outcomes is not straightforward.

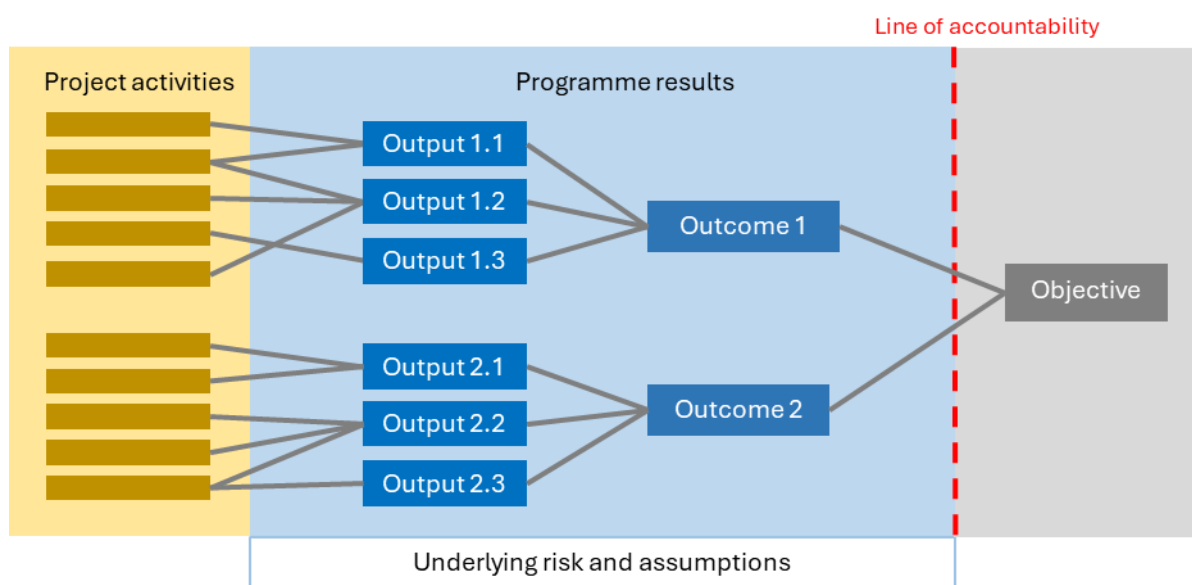
The Theory of Change is a logic model, and it can be represented in different formats. Sometimes stakeholders may refer to similar models by a different name, such as a 'programme logic'. We prefer to use the term 'Theory of Change' because it explains how and why change is expected to happen.

³ The FMO may commission specialist evaluations to investigate the impact of multiple programmes.

In the Grants, the Theory of Change logic is integrated in the Concept Note template (Chapter 3). We also suggest developing a visual diagram of the Theory of Change, as it can help stakeholders visualise the logical connections between project activities and programme outputs and outcomes. This logic should be supported by evidence where possible, such as lessons from other programmes, evaluations, case studies, or scientific literature.

It should also be noted that each project can also have its own specific theory of change. However, we are referring to the programme theory of change. We do not require that Project Promoters develop a project Theory of Change model– although we encourage them to also think in this way.

Figure 6: Theory of change visual diagram



The main point is that there should be a solid theory and a reasoned logic underpinning your programme design. If not, you may be relying on ‘miracle thinking’ and thus unlikely to achieve the desired results. In particular, the most important underlying assumptions and risks should be considered.

Assumptions are the necessary conditions for the programme’s logic to work as expected. For instance, an assumption may be that a certain type of training will lead to increased knowledge that will be put into practical use to help achieve an outcome. Another example could be that raising awareness of a certain issue will lead to a change in people’s attitudes and then their actual behaviours. While not all assumptions need to be described in detail in the Concept Note, stakeholders should consider any assumptions that may be unrealistic or not based on reasonable evidence. If so, this part of the programme may need to be reconsidered.

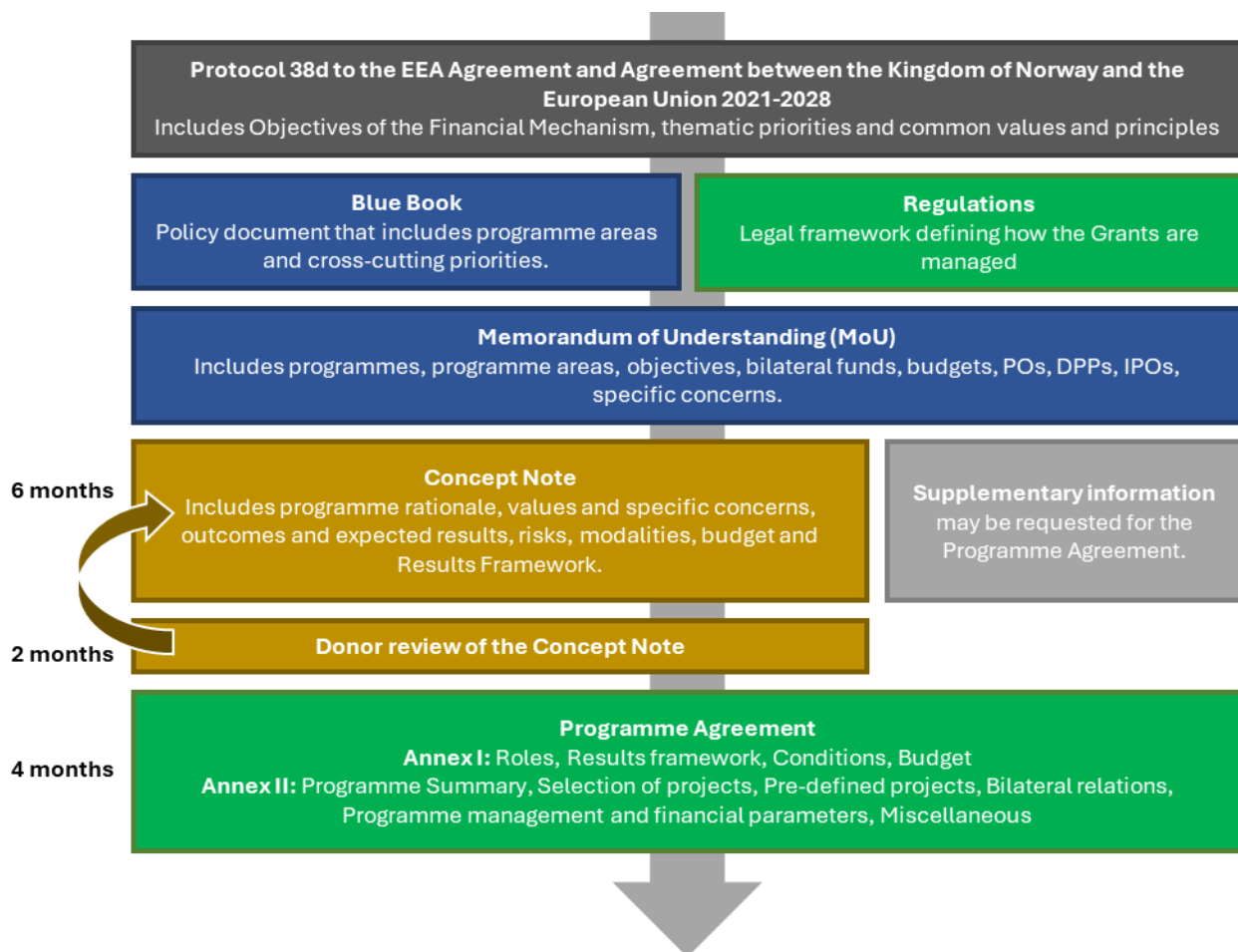
Risks are potential events or circumstances that may prevent a programme from achieving its desired results if they were to materialise. Risks are always present, and we don’t need to try to design out every risk from a programme. If we did so, we may end up with a programme design that lacks ambition or added value. However, it is important that we consider the potential likelihood and consequence of the most important risks. If the potential likelihood and consequence is low, then a risk may be accepted and simply monitored through the programme lifecycle. If the potential risk has a higher likelihood of materialising and higher potential consequences, then specific risk management measures should be considered. If a certain risk is very high, then Programme and Fund Operators may need to reconsider the approach with other stakeholders.

During the programme design phase, the theory of change logic will be operationalised into a **Results Framework**. A Results Framework is an explicit articulation of the programme's expected results, including outcomes, outputs, and indicators in table format (Chapter 3). The Results Framework is not intended to capture all expected results from all projects contracted by the programme. Rather, it should capture the *most important* expected results. There should be a logical link between the outputs and outcomes, as described in the Theory of Change. Indicators will help to quantifiably measure the extent to which outcomes and outputs have been achieved at the end of the programme. The FMO will support Programme and Fund Operators to develop each programme's Results Framework during the design phase.

3. Programme Design Phase

The programme design phase is preceded by several other agreements and processes (Figure 7). In particular, the Blue Book describes the programme areas on which programmes are based and how the cross-cutting priorities may be integrated. The Regulations are the legal framework of the Grants, and define the rules, roles and responsibilities for how programmes are designed. The Memorandum of Understanding (MoU) between the Donor States and the Beneficiary State set out agreements on the programmes that will be designed, the grant amount, the high-level programme objective(s), the Programme Operator and Donor Programme Partner(s) and any specific concerns, among other information (Article 2.5). All this information forms the basis from which the Concept Note is developed. This chapter focusses on the development of the Concept Note through to Programme Agreement (Articles 6.1 through 6.5).

Figure 7: Flowchart of the programme design process



Concept Note

On the basis of the MoU, the Programme Operator develops the Concept Note in cooperation with the Donor Programme Partner(s), International Partner Organisation(s) and the FMO. Other stakeholders may be consulted as relevant, or as required in the MoU (Regulations, Article 6.2). The Concept Note defines the scope and planned results for each programme and is a direct input to the Programme Agreement. The Concept Note template is provided by the FMO. Costs related to developing the Concept Note are eligible as programme management costs (Regulations, Article 8.10).

The Programme Operator shall, through the National Focal Point, submit the Concept Note for each programme through GrACE to the FMC within six months from the date of entry into force of the MoU (Regulations, Article 6.2.2). The Donors then assess the draft Concept Note and provide comments within two months. Relevant comments should be integrated into a final version of the Concept Note. The Programme Agreement is then prepared by the FMO within four months, which sets out the terms and conditions of the operation of the programme as well as the roles and responsibilities of the parties (Regulations, Article 6.3). The timeframe for programme development is a maximum of twelve months from the signature of the MoU to the signature of the Programme Agreement.

Preparing for Concept Note development

When preparing for Concept Note development, some programmes and stakeholders may be at quite an early stage in their thinking and start with only an outline of the Areas of Support they want to work on. This may be the case, for instance, when a programme proposed in the MoU is new to the Grants and did not exist in the 2014-2021 Financial Mechanism.

On the other hand, some programmes and stakeholders may be quite advanced in their thinking when the MoU is signed. This may be the case, for instance, when a programme has a clear scope, is well defined in the MoU, has only one programme area, or previously existed in the 2014-2021 Financial Mechanism. Programmes that existed in the prior mechanism are often keen to bring their lessons learned into the new period and build on what is working well.

An excellent way to begin developing the Concept Note can be to hold a workshop with presentations from key stakeholders and open discussions. The FMO will prepare a presentation to describe the purpose of the Concept Note, propose a process, manage expectations, and provide any clarifications at the outset. Ideally, the Programme or Fund Operator should be able to identify areas of support they want to work on and articulate the specific issues or challenges they intend to address. They should have initial ideas about what they want to do (modalities and activities) and be able to describe some of the results they would like to achieve by the end of the programme (outputs and especially outcomes). DPPs and IPOs should likewise have initial ideas about how they could contribute to the success of the programme.

Furthermore, stakeholders should begin thinking about how the values and principles of the Grants may be operationalised (see Regulations Article 1.3 and the Blue Book). This includes how the cross-cutting priorities of gender and digitisation may be integrated in programme design, how challenges resulting from the invasion of Ukraine may be addressed, and how the programme may contribute to the overall thematic priorities of i) European green transition, ii) democracy, rule of law and human rights and iii) Social inclusion and resilience.

When designing programmes, we have observed that stakeholders often begin with a clearer idea of what they want to do than the results they want to achieve. It is risky to think only in this direction. If you don't clearly know what you want to achieve, then you are unlikely to get the results you desire. Therefore, it is important to think also from the other perspective: try to envisage what outcomes you really want to achieve by the end of the programme, then work backwards to the specific outputs that

would be required, and then to the types of projects and project activities that could generate these results. We therefore recommend checking the validity of your Theory of Change by thinking through the logic in both directions. One option can be to work with the FMO and sketch an initial Theory of Change diagram. This stimulates further discussion and ideas in preparation for drafting the Concept Note.

Writing the Concept Note

The Concept Note template is provided by the FMO. From a results-based management perspective, the template provides a structure for describing the programme's proposed scope, approach, and expected results. The Programme Areas that the programme will work on are based on the Blue Book and defined in the Memorandum of Understanding. Depending on what is agreed between the Donor and Beneficiary States some programmes will have only one Programme Area, while others may have multiple.

For each Programme Area, the Concept Note should begin by briefly describing the **programme rationale**. It should summarise how the programme fits with national priorities and policies and relevant EU policies. It should then describe how the programme will promote and protect the **values and principles** identified in the Regulations, including relevant cross-cutting priorities such as gender. Conditions and **specific concerns** identified in the Memorandum of Understanding should be outlined, with a description of how these will be integrated in the development and implementation of the programme.

Programme outcome statements are usually based on the 'Areas of Support' listed under the relevant Programme Area in the Blue Book. The outcome level is the most important level for which results are directly measured by the programme. For each outcome, the Programme or Fund Operator should describe the **main issues or challenges** that will be addressed and how this outcome will contribute to the Programme Area objective. The PO should then describe the **approach** to achieving the expected results. This includes a description of the planned modalities, activities, and approach to addressing the identified issues and challenges. The main **risks** and assumptions that may affect implementation should also be identified. The PO/FO should then describe the **expected results** the programme plans to achieve, and for which target group(s). Expected results are the actual changes expected under this outcome.

In the next section, the Concept Note should describe how the programme will contribute to strengthening **bilateral cooperation** with the Donor State(s). This includes a brief description of the main priorities for use of the bilateral funds. For programmes with a Donor Programme Partner (DPP), the Concept Note should describe the role of the Donor Programme Partner(s) and how they will contribute to achieving the programme results. Consideration should also be given to how bilateral cooperation may be addressed through partnerships between Project Promoters and donor project partners.

For programmes which envisage **cooperation International Partner Organisations** (IPOs), the Concept Note should include a brief description of the IPO role and how these organisations will contribute to the results of the programme. The IPO should be involved in developing the programme's Theory of Change during the Concept Note preparation.

Programmes are comprised of projects, which can be selected and implemented by way of two **modalities**: calls for proposals, and pre-defined projects. The Concept Note should provide a simple overview of the modalities to be included under each outcome, the planned amount of funding (including national financing) to be allocated to each modality, the project grant rate in each modality, and eligible project applicants and eligible project partners. Each call and each pre-defined project must be situated under a single programme outcome (not multiple outcomes). To avoid unnecessary complexity, administrative delays, and constraints on PO/FO capacity, it is suggested that most programmes should plan for a maximum of two calls for proposals per outcome. For large programmes an additional call may be appropriate. In some cases, it may be appropriate and efficient to release the same call in multiple

rounds (e.g. annually) to attract Project Promoters when they are ready to absorb the funding. For planning purposes, the PO/FO should indicate the year and month when each call is tentatively planned for launch, to ensure the timing is feasible. The Donor and Beneficiary States can alternatively pre-define a project (Regulations, Article 6.5). Pre-defined projects (PDPs) may be appropriate where an implementing entity is in a monopoly situation, or there is a particular political priority or specific concern. In some cases, pre-defined projects are already identified in the MoU. In the Concept Note, **there is a dedicated annex for the elaboration of each proposed PDP**.

A well-structured programme **budget** is essential to ensuring that financial resources are effectively allocated in alignment with expected programme results. The budget should reflect the inputs required for the expected results and apply the principles of value for money and proportionality. When resources are used efficiently, effectively, and economically to achieve good results we can say the programme has provided good value for money. The proportionality principle ensures that financial and administrative requirements remain appropriate and commensurate with the scale, complexity, and objectives of the programme (see the Financial Guidance).

Results Framework

When the programme's theory of change has been sufficiently described we can begin translation this logic into a Results Framework.

Table 1: Template for a Results Framework

Indicator	Disaggregation	Unit of measurement	Data sources	Baseline	Planned Target
Programme objective: [statement]					
Outcome 1: [statement]					
[Indicator]	[Type]	[Unit]	[Source]	#	#
Output 1.1: [statement]					
[Indicator]	[Type]	[Unit]	[Source]	#	#
Output 1.2: [statement]					
[Indicator]	[Type]	[Unit]	[Source]	#	#
Outcome 2: [statement]					
[Indicator]	[Type]	[Unit]	[Source]	#	#
Output 2.1: [statement]					
[Indicator]	[Type]	[Unit]	[Source]	#	#
Bilateral outcome: [statement]					
[Bilateral indicator]	[Type]	[Unit]	[Source]	#	#

Outcomes statements

The outcome-level is the most important results level measured in the Grants and should be achievable within the life of the programme. The effects on the target group should continue in the future.

All programmes must have at least one outcome. To avoid creating an overly complex programme, **two or three outcomes should be appropriate for most programmes** (not including the bilateral outcome).

In cases where a programme has included multiple programme areas from the Blue Book, **at least one outcome must be included for each programme area.**

Outcome statements should be based on the 'Areas of Support' selected from the relevant Programme Area in the Blue Book. The FMO will help Programme and Fund Operators to develop good, clear outcome statements based on good practices from the previous Financial Mechanism period. A good outcome statement should be written in such a way that it describes the change that is expected at the end of the programme. There should be a logical link between outputs and outcomes – if the outputs are achieved, then logically the programme should also achieve good results at outcome level.

An outcome statement should:

- ✓ be based on the 'Area of Support' in the Blue Book
- ✓ be formulated as an end state (not as a process)
- ✓ use a verb expressed in the past tense, such as 'improved', 'strengthened' or 'increased', in relation to a process or institution
- ✗ not include phrases like "improved through" or "supported by means of" – the mechanism of change should be evident from outputs under the outcome

Table 2: Examples of possible outcome statements based on 'Areas of Support'

Programme area in the Blue Book	Area of Support	Example outcome statement
Research and innovation	Informing evidence-based policy making on societal challenges	Increased use of evidence in policy making
Culture	Climate-resilient and sustainable restoration, revitalization, and management of cultural heritage	Restored, revitalised and sustainable cultural heritage
Local development, good governance, and inclusion	Local institutional development and public governance	Strengthened local institutions and improved governance
Public health	Public health systems development and access to primary health care	Strengthened public health system and improved access to primary health care

Output statements

Output statements must be set under each programme outcome. As discussed in Chapter 2, outputs are the direct products, goods, and services delivered by an intervention. Therefore, outputs in the Results Framework will be the direct results from projects contracted by the programme.

It is recommended to only include the most important outputs that are likely to make a direct contribution to the programme outcome that it is nested under. Typically, multiple projects contribute to each programme output.

Each outcome must have at least one output, and a **suggested maximum of three outputs** to avoid complexity in design, data collection and reporting. The FMO will support Programme and Fund Operators to develop good output statements.

An output statement should:

- ✓ describe direct results that logically contribute to the outcome
- ✓ be formulated as an end state (not as a process)

- ✗ avoid restating the outputs as the outcome, using slightly different wording

Table 3: Examples of possible output statements

Programme area (Blue Book)	Example outcome statement	Example output statements
Research and innovation	Increased use of evidence in policy making	<ul style="list-style-type: none"> - Improved knowledge of policy makers in the policy field - Increased quality of research for policymakers - Improved communication of research for policymakers
Culture	Restored, revitalised and sustainable cultural heritage	<ul style="list-style-type: none"> - Strengthened management of cultural heritage sites - Improved access to cultural heritage sites - Historical monuments restored
Local development, good governance, and inclusion	Strengthened local institutions and improved governance	<ul style="list-style-type: none"> - Strengthened capacity of public servants - Improved knowledge of public servants - Improved access to digital services
Public health	Strengthen public health system and improved access to primary health care	<ul style="list-style-type: none"> - Improved training in primary healthcare. - Improved awareness of primary health care issues - Upgraded IT system for patient records

Indicators

Relevant indicators are an essential part of the Results Framework. **Indicators are a means to quantifiably measure progress.** Indicators should be chosen to measure the most important results a programme expects to achieve and are not intended to measure all possible results. **Indicators are used to help indicate the extent to which an outcome or output has been achieved.** Reporting on indicators should be complemented with narrative text to provide a fuller picture of the results achieved.

Most indicators are quantitative, in that they measure the quantity of things such as the number of goods/services delivered, number of people supported, or number of buildings improved.

Some indicators are qualitative in that they measure people's opinions, perceptions, and attitudes. Nevertheless, qualitative indicators can also be expressed in quantitative (numerical) terms, for instance by using scales.

In most instances, **a set of indicators is required to measure an output or an outcome satisfactorily.** This is because each programme has multiple projects, and each project has multiple activities, all of which contribute to programme-level results in various ways. It is recommended that each outcome and output has at least two indicators.

Typically, multiple projects will report results into each individual indicator. **Not all project-level results are captured in the programme Results Framework** because this would result in too many indicators and create disproportionate data collection and reporting burdens. Specific project-level results should be reported in the Project Level Information section in GrACE (Chapter 4). Qualitative results reporting at the project level complements the quantitative results reported in the Results Framework.

For most programmes, **a maximum of 30 indicators should be sufficient** (not including the bilateral indicators). This should ensure that the most important programme results are captured for the selected outcomes and outputs, without overburdening Project Promoters and PO/FOs with data collection and reporting.

When selecting indicators, the potential difficulty of collecting and reporting data should be kept in mind. Often the issue is not how many indicators there are in the Results Framework, but rather the difficulty or time required to report on certain indicators. With the support of the FMO, PO/FOs and DPPs should use their judgement and experience when selecting the most important indicators to include.

Core indicators

In the previous Financial Mechanism, core indicators proved to be a valuable library of metrics. **When multiple programmes use the same indicators, it allows the FMO to aggregate results**, which helps to tell the results story of the entire Grants.

The FMO has created an updated and expanded library of core indicators for the 2021-2028 period. The library has been developed based on indicators that have worked well in the previous period. The core indicators library is aligned with indicators used in the EU Results Framework (EURF) and Sustainable Development Goals (SDGs), where relevant.

Core indicators have been included for all programme areas and should be used in a programme's Results Framework, wherever relevant. Core indicators relating to the Grants values and thematic priorities are also included. Each programme's Results Framework will therefore include a mix of core indicators and custom indicators, depending on the selected outputs and outcomes.

The Core Indicators Library in GrACE provides a simple description and methodology for each core indicator, ensuring a consistent approach to data collection and allowing results to be aggregated across the Grants.

Custom indicators

When there is not a suitable indicator in the core indicators library for measuring a particular outcome or output, we can develop custom indicators. A helpful acronym for designing good indicators is 'SMART'. Using SMART principles when defining indicators ensures they can effectively measure outcome and output level results.

S**pecific:** Indicators should be specific and clearly defined, with a clear meaning and scope. The indicator should be focused on a specific aspect of the program or project, rather than being too broad or vague.

M**easurable:** Indicators should be quantifiable and measurable with a clear unit of measurement in the indicator statement. Data should be measured consistently by different projects over time, helping to ensure that it is reliable. Data collection should not be too costly, complicated or time consuming to collect and report.

A**chievable:** Indicators should be feasible and achievable. This also relates to setting reasonable indicator targets.

R**elevant:** Indicators should be relevant to the output or outcome that it falls under. It should help indicate the extent to which a specific outcome or output has been achieved.

T**ime-bound:** Indicators should be time-bound, with a clear timeframe for measurement. Typically, results should be reported annually, with final results reported by the end of the programme.

Data must be reliable for it to be valid. Nevertheless, some technical indicators may be important yet difficult to quantify precisely. If we want to include a difficult to measure indicator, we can preface it with the word 'estimated'. Examples include: '*Estimated energy savings (in MWh/year)*', '*Estimated annual*

CO2 emissions reductions’ and *‘Estimated annual growth in net operational profit of supported enterprises’*.

Another approach to addressing technical and hard to measure indicators, could be to add a second complementary indicator that simply describes the frequency of occurrence. For example, the indicator *‘Estimated annual CO2 emissions reductions’* could be paired with *‘Percent of supported businesses that reduced their CO2 emissions’*. Another example could be *‘Estimated annual growth in net operational profit of supported enterprises’* paired with an indicator *‘Percent of supported businesses that reported growth in net operational profit’*.

An indicator should be expressed in neutral terms, not indicating the direction of change (increase or decrease), nor embedding a target. For example, *‘An increase of 30% in the percentage of domestic violence cases prosecuted’* should be reformulated to *‘Percent of domestic violence cases prosecuted’*. The direction of the change will be clear when comparing the baseline value with the target.

Output indicators typically measure things such as the quantity and quality of goods or services directly delivered. Therefore, output indicators often have a unit of measurement that is ‘cumulative number’ or ‘binary’.

Outcome indicators measure the higher-level changes that we are most interested in, and particularly their effect on target groups. Outcome indicators often take longer than output indicators to report results. This is due to the time lag from when the output was delivered/produced and the changes it contributed to producing. Outcomes tend to be reported when projects are nearing completion.

Where possible, try to have a logical link between output and outcome indicators. For example, if a programme implements awareness-raising campaigns, there may be an output indicator *‘Number of awareness-raising campaigns carried out’*. However, a more important outcome level result measure the actual change that the awareness campaigns brought about. For instance, the campaigns may aim to increase people’s knowledge, change their attitudes, or positively influence people’s behaviour. Therefore, a related outcome indicator should be included to capture the actual changes that the awareness-raising campaigns brought about.

Indicators should:	Avoid:
<ul style="list-style-type: none"> ✓ Be relevant to the output or outcome statement, so they can <i>indicate</i> whether the output or outcome has been achieved ✓ Be measurable, meaning data is not prohibitively expensive or difficult to collect ✓ Be reliable, meaning we can have confidence that it is reasonably accurate, even for indicators that are 'estimated' ✓ Be expressed in neutral terms, not indicating the direction of change ✓ Output indicators should have a logical connection to outcome indicators, where appropriate ✓ Include the unit of measurement in the indicator label 	<ul style="list-style-type: none"> ✗ Avoid too many indicators that may increase data collection and reporting burdens ✗ Avoid indicators that are unclear for multiple projects to report against consistently ✗ Avoid indicators for which it is difficult or expensive to collect data ✗ Avoid indicators for which data is likely to be unreliable ✗ Avoid indicators that require complex baselines

Bilateral outcome indicators

Each programme should contribute to the Grants objective ‘to strengthen bilateral cooperation’.

To measure bilateral results, all programmes should include the pre-set bilateral outcome ‘*Enhanced collaboration between Beneficiary State and Donor State entities*’. The bilateral outcome is not required to have any outputs under it.

Bilateral outcome indicators measure the bilateral results of all projects in a programme that involved a partnership between a Project Promoter and a donor project partner. All programmes will use the same **bilateral outcome indicators**. Many of the bilateral indicators are based on the widely used criteria of relevance, efficiency, effectiveness, impact, and sustainability. Additionally, indicators have been included for the level of involvement, trust and overall satisfaction. Together, these indicators systematically capture the broad dimensions of project partnerships. A further description of bilateral outcome indicators can be found in the Core Indicators library in GrACE.

The **data source** will be a short online survey administered by the FMO to Project Promoters and donor project partners at the end of each project (ex-post). Additionally, partners will also be asked about the activities that were done in the project partnership. Projects that do not have a bilateral partnership will not receive the survey. The **unit of measurement** for all bilateral outcome indicators in the survey will be the scale 1-5, where 1 is low and 5 is high. **Baselines** are not applicable (N/A) for bilateral indicators because partners typically do not have sufficient experience of each other at the outset of a project. All programmes will have the same bilateral indicator **target** of 4 out of 5. When reporting results, indicators will be disaggregated by Beneficiary State/Donor State so any differences may be analysed.

Table 4: Bilateral outcome indicators for all programmes

Indicator	Unit of measurement	Data sources	Baseline	Target
Bilateral Outcome: 'Enhanced collaboration between Beneficiary State and Donor State entities'				
Level of relevance of the partnership	Scale 1-5	FMO survey	N/A	4
Level of efficiency of the partnership	Scale 1-5	FMO survey	N/A	4
Level of effectiveness of the partnership	Scale 1-5	FMO survey	N/A	4
Level of added value of the partnership	Scale 1-5	FMO survey	N/A	4
Level of sustainability of the partnership	Scale 1-5	FMO survey	N/A	4
Level of involvement of the donor project partner in project activities	Scale 1-5	FMO survey	N/A	4
Level of trust between partners	Scale 1-5	FMO survey	N/A	4
Level of overall satisfaction with the partnership	Scale 1-5	FMO survey	N/A	4

Disaggregations

In some cases, there may be a desire to report on how an intervention has affected more than one target group, for instance men and women. There are two possible approaches to measuring results for different target groups: creating two different indicators or adding a disaggregation for a given indicator.

In this Financial Mechanism, **we recommend using disaggregations sparingly** because experience has shown that it is difficult for Programme and Fund Operators to consistently collect and report disaggregated data, and disaggregated data is often underutilized. 'Gender' is one type of disaggregation that may be appropriate for certain indicators. To ensure disaggregated data is collected by Project Promoters, it is suggested that this requirement is stated in the text of Calls for Proposals and project contract.

Whenever an intervention targets a specific group, we recommend creating a specific indicator to measure a change in this group, rather than using a disaggregation. This should ensure that it is given sufficient attention in data collection and reporting. The FMO will support PO/FOs to determine when it may be appropriate to include an indicator disaggregation.

Unit of measurement

To avoid confusion and ensure data consistency, the Results Framework must state the unit of measurement for each indicator. There are several types of units of measurement (Table 5). The most common type is 'Cumulative number', which is often the easiest to report on. The unit of measurement should be apparent from the indicator label itself. For instance, '*Number of...*', '*Percentage of...*' '*Level of...*' etc.

Table 5: Units of measurement

Unit of measure	Description	Examples
Cumulative number	Counts the number of units (people, buildings, products/services etc.) that the programme has cumulatively supported throughout the programme lifecycle. The most common unit of measure, particularly at output level.	Number of start-ups supported Number of innovative technologies/processes/solutions developed
Annual number	Counts the number of units (people, buildings, products/services etc.) that the programme has supported in each calendar year. It is non-cumulative, and therefore generally less preferred to cumulative number unless the intention is to compare a trend from baseline to the final year result.	Estimated annual CO2-emissions reductions (in tonnes/year) Annual number of visitors to supported cultural heritage sites and cultural heritage-related events
Percentage	Percentage represents the share of units (people, buildings, products/services etc.) that has experienced a change compared to a population. It is preferable that the PO/FO collects both the numerator and the denominator used to arrive at the percentage. In cases where this is not possible, an 'estimated percentage' indicator may be defined.	Percentage of the facility's capacity in use Percentage of staff who declare better skills/ competencies in their field
Level	Level is used to reflect people's judgements, opinions, perceptions, and attitudes towards a given situation or subject. Level uses a scale, with a scale of 1-5 preferred in most cases.	Level of satisfaction with the partnership
Average	Average is useful for determining the average change in a unit (people, buildings, products/services etc.) between a baseline and endline.	Average time taken to resolve appeals (in days)
Binary	Binary is used for determining whether a change has happened or not and is represented by the binary values 0 (no) and 1 (yes).	IT system is operational and in use (No/Yes) National policies or laws influenced (No/Yes)
Rate	Rate may be used when the means of verification is national data that is reported in this format. It is not usually suitable for primary data collection by PPs and PO/FOs.	Rate of tuberculosis mortality (per 100,000 population)

Data source

Each indicator in the Results Framework should include a 'data source', which notes where the results data is expected to come from. Common data sources are 'Project Promoter records', 'Survey results', 'Attendance sheets', 'Copies of contracts', 'Energy audit reports', 'Energy certificates', and 'communications material produced'. Many other data sources are possible. The important thing is that there is evidence that a result has been achieved.

Baselines

In the Results Framework, there is a column for the baseline value for each indicator. The baseline is the situation before an intervention begins. The baseline is important for measuring progress and achievements. **Most output indicators should have a baseline of zero**, particularly when their unit of measurement is 'cumulative number'. For instance, this is the case when goods or services are yet to be produced, or when people are yet to be trained.

Outcome indicators also often have a baseline of zero, although they are more likely to have a non-zero baseline than output indicators. PO/FOs should carefully consider the availability of data when setting non-zero baselines. In some cases, reliable secondary data from governmental statistical agencies, universities, NGOs, or businesses can be used for setting a baseline.

However, if there is no secondary data available for a baseline, or if available data is from a different sample with different characteristics (national vs. local, for example), PO/FOs may need to conduct (or externally commission) a baseline study. Expenditure related to collecting baseline data is eligible under the programme management costs. The Regulations (Article 8.10) allows for expenditures directly related to the preparation of the programme. Baseline values may be collected by an agreed deadline specified in the Programme Agreement.

It is important that the method used for collecting baseline data will be the same as method for collecting results data in future. Results need to be compared with the baseline in a consistent way to measure a valid change.

Targets

Setting indicator targets during programme design is important for illustrating the level of ambition that the programme anticipates it can achieve with the resources committed to each outcome. At the end of the Financial Mechanism, the results achieved are typically compared with the planned indicator targets as one means of gauging the success of the programme. It should be remembered that the most important results are the achievement of the output and outcome statements themselves, whereby the indicators *indicate* the extent to which results have been achieved.

Setting indicator targets before projects are known is one of the main challenges in Results-Based Management. There is often a tension between setting easily achievable targets and setting ambitious targets that stakeholders will strive to meet. When motivated and focussed on ambitious targets, programmes can often achieve more than they may have imagined.

In the Results Framework, PO/FOs are required to set ‘planned targets’. Planned targets are initial indicator targets that illustrate a level of ambition in the programme design phase in relation to the programme grant amount. Planned targets should be based on reasonable estimates, experience from similar programmes, expert advice, or evidence from other sources. As a general rule, **planned targets are not expected to be modified in the Programme Agreement.** This is because the planned targets allow stakeholders to compare initial ambitions with final results, to analyse whether assumptions were valid, and assess the extent to which risks that materialised adversely affected the programme. Planned targets may only be modified in a Programme Agreement modification when a substantial amount of money is moved from one outcome to another outcome, or to another programme. For instance, this may be considered where there has been a cumulative transfer greater than 10% of the total eligible expenditure of a programme, that has substantially altered the design of the programme (Regulations, Annex 2, Article 10, Modification of the annexes).

The FMO recognises that there are many unknowns when setting planned targets during programme design. For instance, projects are yet to be contracted and the achievement of targets is dependent on the type and number of projects contracted to achieve results. Therefore, **Results Frameworks also have column for ‘contracted targets’.** This column for contracted targets will appear in an expanded Results Framework outside of the Programme Agreement. Contracted targets are the sum of project targets for each indicator in the Results Framework. They will be automatically updated when a project is registered in GrACE and reported annually in the Country Report. Contracted targets should more accurately represent what the programme is expected to achieve based on real contracted projects during implementation. **Contracted indicator targets should be the basis for gauging the extent to which an outcome or output has been achieved,** rather than the planned targets. This explanation will be included in the Programme Agreement Annex 1 for national authorities.

It is normal for programmes to over-achieve results for some indicator targets and under-achieve for other targets. **Most programmes will not achieve every indicator target and there is no expectation that they must do so.** In fact, if a programme easily achieves or exceeds all its targets, this may mean

that the targets were not very ambitious to begin with. A programme may encounter many challenges that will affect programme implementation and results. For instance, during the previous 2014-2021 Financial Mechanism, several unlikely risks materialised and affected results. These included the Covid-19 pandemic which affected the movement of people and supply chains, the war in Ukraine which affected energy prices, and a historic spike in inflation which affected prices across supply chains.

When indicator targets are unlikely to be met, Programme and Fund Operators should simply explain the reasons in their reporting. This allows stakeholders to adapt their approach or learn lessons for the future. In some cases, it may simply be that the original assumptions were incorrect when setting targets. In other cases, it may reflect the non-performance of certain projects that a PO/FO has only indirect control over.

The FMO follows a ‘best effort’ approach to achieving targets. This means that the FMO will not impose any penalties for not achieving targets, provided the PO/FO can show that the programme was implemented according to the Programme Agreement, and there has been no breach of the principles of implementation.

Table 6: Example of a filled Results Framework for the Programme Agreement

Indicator	Disaggregation	Unit of measurement	Data sources	Baseline	Planned target
Outcome 1: Increased ability of local communities to adapt to a changing climate					
Number of inhabitants benefitting from adaptation and mitigation measures	-	Cumulative number	Project Promoters' records	0	5000
Number of municipal action plans for mitigation and adaptation supported	-	Cumulative number	Project Promoters' records	0	10
Number of institutions using the data from the air pollution monitoring equipment	-	Cumulative number	Project Promoters' records	0	5
Output 1.1: Measures for climate change mitigation and adaptation on municipal level implemented					
Number of green-blue infrastructure investments supported	-	Cumulative number	Project Promoters' records	0	30
Number of professional staff trained	Gender	Cumulative number	Attendance sheets	0	250

**Note: The above example is a partial results framework only and shows only a few rows for illustrative purposes.*

Programme Agreement

When the Concept Note has been accepted by the donor states, the FMO will prepare a draft Programme Agreement setting out the terms and conditions of the operation of the programme as well as the roles and responsibilities of the parties (Regulations Article 6.3). The draft Programme Agreement must address all comments provided by the Donor States and clarify all issues regarding the operation of the programme. When approving support to a programme, the FMC may set conditions or require modifications to the draft Programme Agreement. For each approved programme a Programme Agreement shall be concluded between the FMC and the National Focal Point.

Milestones

Milestones are the key stages in a programme lifecycle. Identifying milestones in the design phase is crucial for planning and implementation. Milestones are like checkpoints that can help you monitor implementation progress, allocate resources to each stage, and generally ensure that the programme remains on track. Planning with milestones will help you identify any issues and delays early and make necessary adjustments with input from stakeholders to keep the program moving forward. Additionally, milestones can help motivating the team and maintaining stakeholder confidence by demonstrating tangible achievements throughout the programme's lifecycle.

In the Grants, how the programme is managed is the responsibility of the PO/FO. **Milestones are not mandatory in the Regulations, but they are a good practice for programme management.** We suggest including milestones, such as when each call is planned for draft, launch, assessment, and contracting and include buffer time for delays. Other activities such as monitoring visits, reporting and evaluations can also be included later. A Gantt chart is a useful tool to visualise milestones (Figure 8). Project management software typically includes functionality for creating lists of activities and visualising these in a Gantt chart format. **Some initial milestones are included in the Concept Note.** For instance, the 'Modalities' section asks for the indicative launch date and duration of calls and the Annex for pre-defined projects asks for the duration of each project. **Milestones should be reviewed in Cooperation Committee meetings** so key stakeholders can understand whether the programme is on track and make any necessary adjustments.

Figure 8: Example of a simple Gantt chart for tracking programme milestones

	Year 1												Year 2			
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	...
Programme Agreement signature																
Call 1																
Call text drafted																
Call published																
Bids assessed																
Projects selected and contracted																
Pre-defined project 1																
PDP contract drafted																
PDP contracted																
PDP duration																
Monitoring																
Project site visits																
Reporting																
Project reports submitted																
Country report written																
Etc.																

Chapter summary

- All programmes funded by the EEA and Norwegian Financial Mechanisms must be based on the common values and principles of respect for human dignity, freedom, democracy, equality, the rule of law and the respect for human rights
- All programmes should contribute to both overall objectives of the Grants: reduced economic and social disparities in the European Economic Area; and strengthened bilateral relations between

Donor States and Beneficiary States. Programmes should also contribute to at least one of the three thematic priorities.

- Each programme must contribute to one programme area objective from the Blue Book. In certain cases a programme may contain more than one programme area, as set out in the Memorandum of Understanding.
- The accepted Concept Note is the basis for developing the Programme Agreement
- Each programme should be developed with an underlying theory of change. This will be operationalised into a simple Results Framework with outcomes and outputs, to capture the most important expected results.
- Outcome statements are usually operationalised based on 'areas of support' in the Blue Book. Outcomes are the most important results level managed by the Grants. Most programmes should have one to three outcomes (in addition to the pre-set bilateral outcome).
- Outputs are direct results from project activities that logically contribute to the achievement of each outcome. Each outcome should have between one and three outputs.
- Indicators help to measure the extent to which outcomes and outputs have been achieved. Each outcome and output should have at least two indicators to measure the most important expected results. Around 30 indicators (in addition to the bilateral indicators) should be appropriate for most programmes.
- Planned targets show the level of ambition at the start of the programme. Contracted targets show the aggregated project targets during implementation and should be the basis for gauging success at the end of the programme.
- Projects are contracted through modalities (calls for proposals or pre-defined projects). Each contracted project may report results to multiple project outputs, but only to the one programme outcome that the modality falls under.
- Each programme must include the common predefined bilateral outcome and its indicators.
- Milestones are key stages during programme implementation. The PO/FO should use a tool such as a Gantt chart to plan and monitor progress.

4. Programme Implementation Phase

Programme and Fund Operators are tasked with awarding funding to projects under their programmes in line with the provisions set out in the Regulations. They must then follow-up on implementation and monitor progress and results of the selected projects.

As per the programme model described in Chapter 2, programmes are populated by projects that they contract. Programmes may select projects through one of two modalities. Most projects are selected through calls for proposals (Regulations, Article 7.3). In some cases, projects may also be pre-defined without a call for proposals and are known as pre-defined projects (Regulations, Article 6.5). The planned modalities must be described in the Concept Note and Programme Agreement.

Modality: Calls for Proposals

Calls for proposals are drafted and launched by the PO/FO in consultation with DPPs, IPOs and the FMO. Their content, form and publication must comply with the requirements listed in the Programme Agreement and in the Regulations (Article 7.3) and based on a template provided by the FMO. Below we summarise some good practices when preparing and launching calls for proposals.

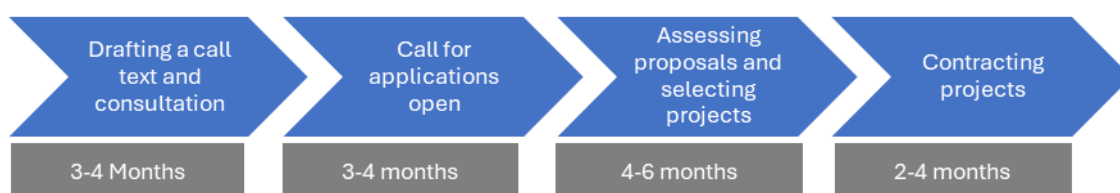
Planning calls for proposals

One or two calls for proposals per outcome should be appropriate for most programmes. This implies, for example, that if a programme has three outcomes, then it should plan for a maximum of six calls. A lesson from the previous Financial Mechanism period is that the Programme or Fund Operator should carefully consider the time and administrative burden associated with drafting and launching calls and selecting and contracting projects. Experience has shown that launching too many calls is inefficient, consumes disproportionate administrative resources, and can cause delays in project contracting. There is always the possibility for a PO/FO to launch an additional unplanned call later in the eligibility period to absorb unspent or reallocated funds.

In exceptional cases, a programme may be suited to having more calls. For instance, when a programme is particularly large, and the PO/FO has allocated sufficient human resources to managing a greater number of calls. Another exception may be when the same call is planned to be released multiple times on a rolling basis.

As a guide, PO/FOs should **aim to conclude most planned calls and contract the selected projects prior to the final three years of the implementation period.** This allows Project Promoters the time necessary to initiate and execute their projects and achieve good results. This is particularly important for large projects and projects with donor project partners since working relationships take time to develop. Concluding planned calls as early as possible also provides a time buffer should unforeseen risks materialise and the programme or project faces delays. Contracting projects early in the implementation phase also helps mitigate the risk of partially completed projects or project downsizing. In the previous Financial Mechanism it was common for calls to take 12 months or more to complete, from drafting to contracting (Figure 9). Where possible, the PO/FO should avoid launching calls that clash with the timing of other large calls, such as those of the EU.

Figure 9: Indicative timeline from drafting the call to completing project contracting



When launching calls, PO/FOs should **consider the appropriate minimum size of projects**. In the previous Financial Mechanism period, the Regulations advised that the amount of grant assistance provided by a programme to a project 'shall normally not be less than €1,000,000 and not less than €200,000'. In the 2021-2028 Financial Mechanism period, the Regulations do not state any limitations on project size. This is to reduce complexity and allow for a programme specific approach (Regulations, Article 6.4).

Programme and Fund Operators should be aware that the smaller the minimum grant size, the more projects the programme would need to contract to absorb the programme grant allocation. The more projects that are contracted, the more administrative resources a PO/FO may require to adequately manage through the programme lifecycle. Therefore, **PO/FOs and DPPs should carefully consider the number of projects they expect to contract in relation to the administrative resources they have available** to manage and monitor them.

PO/FOs should also **consider the amount of administrative work required of Project Promoters in relation to the grant amount awarded**. Reflect on whether the minimum grant size is reasonable and avoid administrative tasks absorbing a too high share of the project grant. This may be particularly important when a donor project partner is involved.

Drafting the call text

Calls for proposals are written by the PO/FO in consultation with DPPs, IPOs and the FMO. A Call for Proposals template is available on the eeagrants.org website. The calls text, including selection criteria, should not be overly complicated. Write clearly and use appropriate headings. Avoid spreading essential information throughout a long call text or multiple annexes.

A good practice is to **begin the calls text with a short summary of all the main points** to help potential applicants quickly assess if the call is applicable to them. For instance, a summary may include the purpose of the call, relevant parts of the Results Framework, the minimum and maximum grant amounts available, eligible activities and expenditures, eligible applicants, partnership details, and the call deadline.

Calls for proposals must contain a clear description of the aim of the call and the type of projects they intend to contract (Regulations, Article 6.4). Each call for proposals is typically focussed on one specific part of the programme. Therefore, the call text should describe the specific aim of the call and how this fits with the higher level outcome and programme objectives that the project will feed into. To attract quality bids, potential applicants should be able to clearly envisage how their proposed project fits with the aim of the call.

Calls texts must prominently include relevant parts of the programme's Results Framework, including the programme outcome, outputs and indicators that project applicants should contribute to. This is important to ensure that applicants submit project proposals that are relevant to the programmes expected results. Remember that project-level results will directly feed into programme-level results.

In their applications, Project Promoters must specify the outcome, outputs, and indicators that their proposed project will contribute to. **Project Promoters must also specify the project-level targets that their project aims to achieve.** This information is important for several reasons: This illustrates the relevance of the project in relation to the programmes expected results; It allows projects to be assessed and scored against selection criterion; It makes it easy for the PO/FO to enter this information into GrACE if the project is selected; and this information will be used to track the contribution of each project in the programme's Results Framework.

Table 7: Example of a filled results framework in a project application

	Project Promoter: Tick if relevant	Project Promoter: Enter project target for selected indicators
[Outcome statement]	✓	
Indicator: Number of	✓	10
Indicator: Percent of	✓	75%
[Output statement]	✓	
Indicator: Number of ...	-	
Indicator: Level of	✓	4/5
Indicator: Number of ...	✓	250
[Output statement]	-	-
Indicator: Number of ...	-	-
Indicator: Number of ...	-	-

The deadline for applications must be at least three months from the date of the publication of the announcement (Article 7.3.2). The call should be widely publicised in appropriate media, at national, regional, and local levels.

The call text should provide applicants with a checklist of documents required. This can be helpful to ensure applicants provide the necessary information to meet the administrative and eligibility requirements on the first submission. The PO/FO should ensure these requests are proportional to the size of the grant and not be unduly burdensome.

PO/FOs are encouraged to align the call text and project application template with the required Project Level Information (PLI) in GrACE (see later in Chapter 4). This will allow the PO/FO to efficiently copy the required information from selected project applications into the GrACE system in the correct format. Project proposals should clearly describe the following information, as required in GrACE Project Level Information:

- What is the issue/challenge that the project aims to address?
- What activities does the project aim to do, and with which stakeholders and beneficiaries?
- What results does the project aim to achieve, and for whom?
- What will be the role and added value of the donor project partner, (if relevant)?

The scoring criteria for assessing project proposals should include consideration of the results the project applicant plans to achieve. In particular, the scoring criteria should award points to projects that clearly identify an issue or challenge that is in line with the purpose of the call. Points should be awarded based on the proposed project's contribution to the programme's Results Framework. Project bids may be awarded additional points when they include a donor project partner with a relevant role and added value. It is important that the scope, quality and the added value of the partnership are assessed and that points are awarded accordingly. If a project application with a proposed donor project

partnership does not clearly describe a relevant partner role and added value, then it should not be awarded additional points.

Project assessment, selection and awarding of grants

Decisions on project selection must comply with the rules and objectives of the programme (Article 7.4) and the principles of implementation (Article 1.3). **The Programme Operator is responsible for establishing a Selection Committee that recommend projects to be funded.** The Selection Committee must consist of at least three persons possessing the relevant expertise, one of whom is external to the PO, DPP and IPO. Unless specified in the Programme Agreement, the DPP and IPO are voting members of the Selection Committee, with the FMO and NFP invited as observers.

The project contract must include a provision the Project Promoters will report their results achieved. This means reporting achievement values for relevant indicators, as well as reporting qualitative information in the Project Level Information (PLI). It is the Programme Operator's responsibility to ensure these results are reported.

Regarding the duration of project contracts, PO/FOs may optionally consider setting project deadlines some months before the end of the period of eligibility of expenditures in projects. The Regulations specify that Expenditures incurred after 30 April 2031 shall not be eligible (Article 8.14). Setting an earlier deadline allows a time buffer for no-cost project extensions, should unforeseen risks materialise.

Figure 10: Information flow from call text to Project-Level Information in GrACE



For each contracted project, the PO/FO is responsible for entering quality project data in the GrACE system as Project Level Information (PLI). This should be done within 15 days of signing the project contract. As discussed above, the project application template should be aligned with key information in the GrACE PLI template, so registering projects can be done efficiently.

Modality: Pre-defined Projects (PDPs)

In certain cases, the Donor and Beneficiary states may agree to pre-define a project. A pre-defined project (PDP) may be justified for bodies in a monopoly situation, or for activities that require a particular type of body because of its technical competence or administrative powers, on condition that the activities could not be selected through a call for proposals. Pre-defined projects (PDPs) should usually be identified in the Concept Note (Regulations, Article 6.5).

Just as with projects contracted through a call for proposals, PDPs must have a clear purpose that is aligned with the programme outcome that it falls under. The outcome, outputs, and indicators that the pre-defined projects will contribute to must be specified, as must the project's indicator targets (Table 7). Just as with project proposals from calls, pre-defined project proposals should clearly describe the following information, which is used in GrACE Project Level Information:

- What is the issue/challenge that the project aims to address?
- What activities does the project aim to do, and with which stakeholders and beneficiaries?
- What results does the project aim to achieve, and for whom?
- What will be the role and added value of the donor project partner, if relevant?

Data Collection System

A good data collection system helps PO/FOs collect, store, aggregate and report data accurately and efficiently. On the other hand, a poor data collection system can make data management a problematic and labour-intensive task, especially when mistakes occur. The FMO doesn't regulate what this system should look like, however some good practices are suggested in this section. Essentially, a data collection system involves trained people who understand their role, a plan for how and when to implement certain processes, and a document management system for data collection and storage. Both qualitative and quantitative data needs to be collected, stored and reported.

Qualitative results data

Qualitative data is the narrative text that is submitted in the Project Level Information (PLI) in GrACE. The first moment that Programme and Fund Operators submit this information to GrACE is when projects are contracted. The PLI information is based on information provided by Project Promoters in their project application. This means that the PO/FO should structure the application form in a way that is aligned with the PLI in GrACE for efficient data management. The second moment the PLI is updated is when the project is finalised (either completed, partially completed or terminated). The qualitative information reported into the PLI will be based on the final project report submitted to the PO/FO. This means the final project report template should also be aligned with the PLI form for efficient data reporting.

In general, qualitative data is quite straightforward to store and report, since it doesn't require aggregation from multiple projects. The main challenge with qualitative data is ensuring that the submitted text concisely explains the issues the project aimed to address, what the project did, and what the project achieved. **Good text applies a logical structure, uses short sentences, avoids jargon and abbreviations and is understandable to a general audience.** The PO/FO is responsible for ensuring the quality of the qualitative data and they should not copy/paste text into GrACE without verifying the data quality.

It is recommended that the PO/FO uses a Document Management Systems (DMS), such as SharePoint, Dropbox, Google Drive, or any shared drive managed by the organisation. Data should not be stored only on one staff member's computer, because the file could become corrupted, or the machine damaged. In most cases, the PO/FOs Document Management Systems should be organised by project. This means each project should have its own folder with populated with documents including the project proposal, project progress reports, and final project report, among other files. As per the Regulations Article 5.1, necessary data should be accurately and efficiently entered in GrACE in a timely manner.

Quantitative results data

Quantitative results data refers to numerical data that is reported into programme's Results Framework. Project Promoters report quantitative data in progress reports and when a project is completed. The PO/FO needs to store quantitative data from multiple projects in a structured way that facilitates accurate reporting into GrACE. This could be setup using Excel, Google Sheets, or a database management system. A suggested data structure is presented in Figure 11. Data from each project must

then be aggregated for each indicator in the programme's Results Framework. Incorrect or missing data can be a serious issue for accurate reporting of programme results.

Each PO/FO should have an assigned data quality officer to ensure data quality. The data quality officer should control versions of documents. It is not recommended to overwrite raw data when new data is received. Instead, create a new worksheet or file for each reporting year. When mistakes occur, it is useful to be able to look back to the previous year's data.

Figure 11: Example of a data structure

Indicator	Unit of measurement	Source of verification	Target value	Result	Disaggregated results
Number of professional staff trained	Cumulative number	Project Promoters' records	500	360	
		Project 1	50	10	Men 5; Women 5;
		Project 2	50	100	Men 30; Women 70;
		Project 3	200	200	Not specified: 200
		Project 4	100		-
		Project 5	100	50	Men 20; Women 20; Other: 5; Not specified 5;
Number of awareness raising campaigns carried out	Cumulative number	Project Promoters' records; campaign materials	6	3	
		Project 1	2	2	
		Project 4	2		
		Project 5	1	1	
		Project 6	1		

Data collection plan

A data collection plan establishes what data will be collected, when, how and by whom. It is recommended that the PO/FO makes a basic data collection plan early in the implementation period. The data collection plan can be a simple Word document that defines the following:

What data you need to collect: Note which projects need to report data for each indicator in the programme's Results Framework (except for the bilateral indicators, where the FMO collects data). Consider the 'type' of data that needs to be collected (such as cumulative number, annual number, scale/level, percent etc.) and the data source (project promoter records, survey etc.). Project contracts should state what data is required from Project Promoters. Core indicators provided by the FMO include a basic description and methodology (see Core Indicators Library). For custom indicators that do not have a methodology provided by the FMO, make a brief note about what to count and what not to count. It is the PO/FOs responsibility to ensure each indicator is measured in the same way by each Project Promoter.

When you need to collect the data: Consider when Project Promoters need to report data so that it is in time for the PO/FO to analyse and report on. Communicate deadlines for data reporting in a fair and predictable way.

Who is responsible: Usually, the Project Promoter is responsible for reporting data to the PO/FO. In the call text, clearly reference the specific indicator(s) that contracted projects are expected to report against. Formalize these reporting requirements in the project contract. Occasionally, there may be a few indicators that require additional technical expertise to gather, for instance emission reductions, or on the quality of life in prisons. If possible, define specific people responsible for data collection, storage, aggregation, and reporting. Also, identify who is responsible for checking the quality of the data and reporting this into GrACE.

How data will be stored: Consider which Document Management Systems (DMS) will be used to store the data (e.g. SharePoint, Dropbox, Google Drive or a custom digital platform) and in which file format. Consider who should have permissions to modify the data, how the data should be backed up, and any

rules around consistent folder structures and file naming. This may take some time to setup but will save time later in the implementation period and ensure quality data reporting.

Verifying data quality

Verifying data quality involves checking that data is correct, up-to-date and complete.

Correct data: It is often not possible to visit a project just to check if an indicator is being reported correctly. However, it may be possible to do these checks during a planned monitoring visit. **If you suspect some data is incorrect do not just accept it – contact the Project Promoter and ask for a clarification.** There are often signs that submitted data may not be correct. Consider the following:

- **An indicator with a unit of measurement ‘cumulative number’ that has a lower value than the previous report.** This is a common mistake often caused by confusion with ‘annual number’. A cumulative number means that new results are added to the previous result until the end of the project.
- **An indicator with a results value lower than the baseline value:** This is usually a mistake because it suggests the situation has gotten worse, which is unusual.
- **An indicator with a results value high above the target value:** A very high result could be due to incorrect counting. For example, this may occur when people visiting a website of a cultural event are counted as visitors to the actual cultural event.

Complete data: Complete data means that all projects that are required to report against an indicator have done so. If the project is yet to achieve any results for an indicator, the Project Promoter should still report ‘0’. A missing value means there is missing data to be checked. Complete data also means that Project Promoters have reported the required disaggregated data as per their project contract.

Up-to-date: Up-to-date data means that Project Promoters have reported the most recent available data to the PO/FO for them to use in their annual reporting to the FMO. If the results reported are the same as the previous reporting period, this should be explained.

Data collection for bilateral indicators

Data for the bilateral indicators is collected by the FMO, and not by the PO/FO. Following finalisation of each project with a donor project partner, the FMO will email a short survey to both the Project Promoter and donor project partner(s). The survey will ask the respondents to respond to questions associated with each bilateral indicator in the programme Results Framework. The survey will also ask about the role of each partner in project activities. The survey will be anonymous and in compliance with the General Data Protection Regulation (GDPR).

Reporting on Progress and Results

Reporting involves the description, analysis, and presentation of information. Reporting takes place at different levels and involves various actors including Project Promoters, Programme Operators, National Focal Points and the FMO. Some reports are made accessible to the public, such as the Final Programme Report, Evaluation reports and Project Level Information. The FMO strives for efficient, clear, and accurate reports. The FMO may make adjustments to various templates during the implementation period based on their performance.

Project-level reporting

Project-level information (PLI): Initial registration

Project-level information (PLI) data is submitted to GrACE on two occasions for each contracted project. The PLIs include some important qualitative text information about what issues the project aims to address, the activities the project aims to do, and the results it aims to achieve. Additionally, the PLI form contains some basic financial information about the size of the grant, grant rates and cofinancing. There is also basic information about the outcomes, outputs and indicators each project will contribute to, as well as project targets. The project should be categorised by sector, and indicate the policy markers that it will contribute to, among other information.

The first moment that Programme and Fund Operators submit this information is when projects are contracted. The PLI information is based on information provided by Project Promoters in their project application. This means that the PO/FO should structure the application form in a way that is aligned with the PLI in GrACE for efficient data management. The second moment the PLI is updated is when the project is finalised (either completed, partially completed or terminated). The qualitative information reported into the PLI will be based on the final project report submitted to the PO/FO. This means the final project report template should also be aligned with the PLI form for efficient data reporting. Registering good qualitative project-level information in GrACE has been a weakness in the previous Financial Mechanism.⁴

Project progress reports to the PO/FO

The FMO does not regulate how Project Promoters should report to the Programme or Fund Operator. The PO/FO may determine the frequency and format of project level reporting. However, several good practice lessons have been observed that PO/FOs should consider.

Reporting requires Project Promoters to allocate resources to the task instead of implementing project activities. Therefore, the time and energy invested by a Project Promoter in reporting should be respected. Reporting requirements should be proportional to the size of the Grant. The PO/FO should not request large or frequent reports from Project Promoters receiving moderate grant amounts. As a rule of thumb, we suggest that **Project Promoters should not be requested to report progress and results to the PO/FO more than twice a year.** It may be possible and efficient for smaller projects to only report progress and results once per year. Project progress reports should all be read by the PO/FO. In general, **if project progress reports are not being read and used by the PO/FO, then reconsider the frequency of reporting.** Reporting requirements absorb the Project Promoter's resources, which may alternatively be allocated to implementing project activities. Project progress report templates provided by the PO/FO should include the quantitative and qualitative information that the PO/FO will need to report to the FMO annually in the Country Report (see below).

Project level information (PLI): Final registration

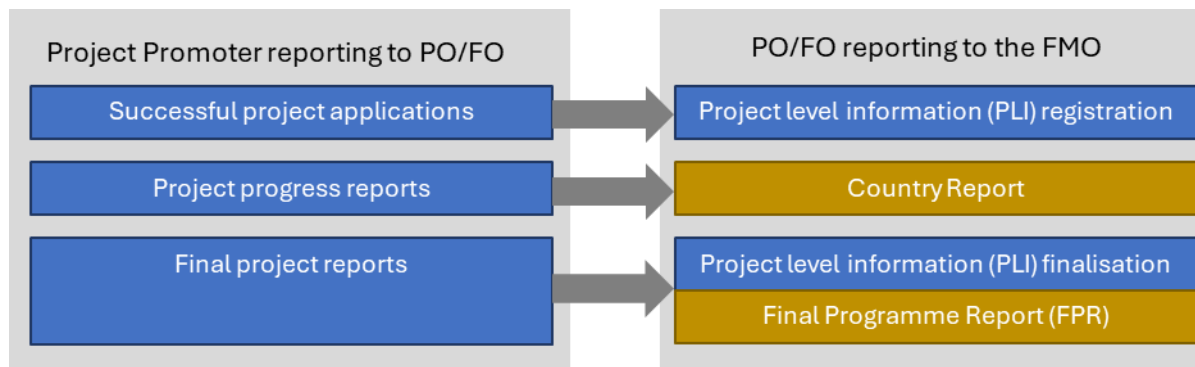
When a project is finalised, the Project Promoter should write a final project report. As with project progress reports, the FMO does not regulate the format of the final project report. However, some good practices should be observed.

When the project is finalised, Programme and Fund Operators must fill in the final section of the Project Level Information (PLI) in GrACE. We suggest that the format of the final project report be

⁴ ECORYS.(2021).Rapid assessment of reporting systems and data quality. Available at <https://eeagrants.org/resources/rapid-assessment-reporting-systems-and-data-quality>

aligned with the PLI, so that PO/FOs can efficiently submit the required data to the FMO. This includes qualitative (narrative) information on what the issues the project aimed to do address, what activities the project actually carried out, and what results the project achieved. In project where there was a bilateral partnership, there should be simple narrative text describing the contribution partners made to the project. This information is important for several reasons. For instance, it is used for various analysis and reporting by the FMO, it is used by external evaluators, and it is used as public information on the eeagrants.org website.

Figure 12: Link between project-level reporting and programme-level reporting



Country Report

In the FM21-28 period, **annual reporting will be done through a ‘Country Report’, submitted by the National Focal Point to the FMC** (Regulations, Article 2.6). The Country Report template is designed to provide detailed input on progress and results in the previous calendar year. It also forms the basis of discussions at the annual meeting, and therefore the Country Report is subject to approval by the FMC.

The template for the Country Report will be provided by the FMO and is divided by chapters. The first chapter is at the country-level and is to be written by the NFP. Each programme will have its own chapter, written by the PO, and have its own workflow. **The Country Report, containing all completed chapters, shall be submitted no later than 10 March annually.** Following submission, the FMO may provide comments or request additional information.

The Country Report, as with all reports, should be written in a clear and accessible style. This involves writing logically structured paragraphs, short sentences, avoiding jargon that will be unfamiliar to non-experts, and avoiding abbreviations. Narrative text must be evidence-based, incorporating programme and project data and other valid information.

Country chapter

The Country Report begins with a country-level chapter written by the NFP. This includes description of **country developments affecting the implementation of the Grants**, an **assessment of each programme** based on the NFPs monitoring, and information on how **specific concerns and the Grant’s values** are being addressed. This is followed by sections on the **Bilateral Funds** at National Level and activities funded by **Technical Assistance** in the past year. There are three annexes, one for reporting **communications** information, one for a simple **evaluation plan**, and one for marking the implementation status of **bilateral initiatives** from the Bilateral Fund.

Programme chapters

Each programme in the beneficiary state will have its own programme chapter written by the PO. The PO should analyse and synthesise the main information from project-level reports. Much of the data used in this section is pulled automatically from GrACE. For instance, the first page of the chapter will present a dashboard or graphical information on programme performance. Therefore, it is important that POs keep GrACE up-to-date.

The main body of this chapter is for **narrative reporting of implementation progress and results** under each outcome. This is followed by a section for reporting the **main challenges** encountered in the programme in the past year, and any **lessons learned** for the year ahead. The final section is for describing **cooperation** with Donor Programme Partners and International Partner Organisations, as applicable.

There are several annexes to the chapter. The first annex is for **reporting updated results into the Results Framework**. The second annex involves the **identification, assessment and management of risks** (see the 'Risk assessment' section below).

The third and fourth annexes involve marking the implementation status of each project and each bilateral initiative from the bilateral funds in the programme. There are three possible categories of implementation status: 'on track', 'some issues', and 'off track' (Figure 13). The PO should be able to make a simple determination of the implementation status based on the project's progress report, or from the POs own monitoring. **Projects that have an implementation status of 'some issues' or 'off track' should be marked for inclusion in the POs monitoring plan** for the coming year (see the 'Monitoring' section below). This information is also important for the FMO to perform its own analysis of project performance across the entire Grants. The fifth annex is for reporting on measures taken to fulfil **Programme Agreement conditions**.

Figure 13: Project implementation status

On track	The project's implementation is on track to achieve its aims as per the plan set out in the project proposal
Some issues	The project is experiencing some issues that are causing small or moderate delays. However, the project still expects to achieve its main aims.
Off track	The project is experiencing serious delays or deviations from its plan.

FMO reporting

The FMO aims to make reporting utilisation focussed. The information reported to the FMO is used to create reports for the general public and the parliaments of the Donor countries. For instance, the FMO creates Annual Status Reports, which are available on the eeagrants.org website. Results data for the core indicators is used to populate the Grant's [data portal](#) so we have a picture of results across the entire Grants. Project level information is often used in factsheets or in promotional material and is always published on the eeagrants.org website. The FMO also uses project, programme, and country reports for its own analysis, and as input for the monitoring and evaluation assignments it commissions.

Programme Risk Assessment

Programme and Fund Operators should regularly assess risks to the effective implementation of the programme and its results and take appropriate action (Regulations, Article 5.6.). In the implementation

phase, **the programme risk assessment is done formally as part of the Country Report** and is a forward-looking exercise for the coming year.

The purpose of the risk assessment is for the PO/FO to identify important factors that may adversely affect programme implementation and the achievement of results. For each identified risk, the PO/FO, scores the likelihood of it occurring and the potential consequence if it were to materialise. The risk assessment also prompts PO/FOs to consider how they can mitigate or manage each risk so that either the risk doesn't materialise, or its effects on the programme will be minimised. Early identification and active management of the most important risks helps to ensure that the programme stays on track.

It should be remembered that **risks are potential future occurrences**. This means that if a risk has already materialised it is no longer a risk – it is a factor that needs to be managed for. Often risks that have materialised become challenges that a PO/FO is actively managing. In the Country Report there is also a section for describing ongoing challenges.

Programme risk assessment in the Country Report

In the programme chapter of the Country Report, the Programme Operator should begin by identifying and describing the most important risks to programme implementation progress and results in the coming year (Table 8). Low risks do not need to be included, as they can be adequately managed through normal management processes. Sometimes, when too many low-level risks are identified the more important risks receive less attention. The **risk description** is a free text field where the specific risk should be described. For instance, it is not sufficient to write 'global pandemic', 'war' or 'inflation', because what we really want to know how these events or circumstances might directly affect the programme in the foreseeable future. The PO should take care not to combine two risks into one risk description. In the next column, the **risk category** should be selected from a pre-defined list. Based on experience in the previous Financial Mechanism, nearly all risks fall into one of the categories pre-defined by the FMO. Categorising the risk from the pre-defined list also helps the FMO to analyse patterns of risks that are affecting programmes across the entire programme portfolio.

Table 8: PO/FO risk assessment, example only

Rank	Risk description	Risk category	Likelihood	Consequence	Score	Planned response
1	[Open text field]	[select from list]	3	3	9	[Open text field]
2			2	3	6	
3			2	2	4	
4			1	2	2	
5			1	1	1	

To understand the relative importance of each risk, the PO/FO should score the **likelihood** of each risk occurring and the **consequence** if it did occur on a three-point scale, from low (1) to high (3). These ratings require some subjective judgement. Therefore, when scoring risks, consider the available data and evidence and discuss the rating with others in your team. The **risk score** is automatically calculated in GrACE by multiplying the likelihood by the consequence (Figure 14).

Figure 14: Risk score calculated as likelihood * consequence

Consequence	3 High	3	6	9
	2 Medium	2	4	6
	1 Low	1	2	3
		1 Low	2 Medium	3 High
		Likelihood		

The next step is for the PO/FO to consider the planned response to manage each identified risk in the programme. Essentially there are four risk management strategies that may apply:

- **Mitigate the risk:** Mitigation is the most common risk response and involves specific actions that could reduce either the likelihood or the consequences of a risk.
- **Terminate:** This strategy means that the (parts of) the programme may need to be terminated. For instance, this might involve cancelling a pre-defined project.
- **Transfer:** Transfer involves sharing the risk with other partners/funders to minimise the risk to the PO/FO. This means that the actions taken to deal with the risk should be taken by someone external to the programme such as the National Focal Point or the Donor Programme Partner.
- **Accept:** Risks always exist in some form, and sometimes these need to be accepted to achieve the planned results. Nevertheless, accepting a risk still requires that it is monitored and managed in case the risk level increases. Accepting major/critical risks should always be documented and justified. Typically, only low-level risks have 'accept' as the planned response.

Good risk management practice

The PO/FO should manage the identified risks throughout the year as part of normal programme management practices. Mitigating actions should be incorporated into the regular work plans of the programmes or projects. If a new risk is identified during the year, the PO/FO should not wait for the next reporting period before conducting a new risk assessment. For example, the Covid-19 pandemic, the war in Ukraine, and a period of high inflation all created specific risks to programmes in the previous Financial Mechanism period. These risks needed to be assessed and managed for as soon as they were identified. The PO/FO should keep track of previous and new risks on their own internal systems. **It is good practice to discuss risks and risk management with stakeholders in Cooperation Committee meetings.**

Monitoring

Monitoring of projects by the PO/FO

Programme and Fund Operators shall conduct annual monitoring of a sample of projects, selected based on risk assessment and including random samples, including on-site visits (Regulations, Article 5.6). **Monitoring is the observation of programme and project implementation to verify progress towards agreed results.**

Monitoring is important for transparency, accountability, and learning. Monitoring allows the PO/FO to identify potential problems in a timely manner to allow for corrective action. Sometimes when monitoring a sample of projects recurring issues may be identified, which may suggest broader risks to the programme. Monitoring can also showcase good project implementation and can present opportunities for learning what is working well and why. Finally, monitoring gives stakeholders' good quality information on implementation progress and whether expected results are likely to be achieved. In this Financial Mechanism period, **we distinguish between two types of monitoring: Desk-based monitoring and on-site monitoring.**

It is important to note that **monitoring is not the same as an audit.** Audits are appraisals performed to assess compliance with regulatory requirements of the Grants. The main purpose of conducting audits is to obtain assurance on the effective functioning of the management and control system, on legality and regularity of expenditure declared and fulfilment of conditions for simplified cost options, on whether funds have been used efficiently, economically, and effectively (see the Financial Guidance).

Desk-based monitoring carried out by the PO/FO

Desk-based monitoring involves the PO/FO carrying out routine programme management practices. PO/FOs may engage with Project Promoters through email, telephone calls, online meetings, and reviewing progress reports, project websites, and communications material. Desk-based monitoring is typically less structured, less formal, and less detailed than on-site monitoring. Nevertheless, it can be an efficient way to get basic information quickly and can also promote open discussions on emerging issues and risks. Desk-based monitoring often covers implementation progress towards expected results, identifying emerging risks, or ensuring compliance. Desk-based monitoring may provide an early indication of potential issues or lessons, which may need to be followed up with on-site monitoring. Notes from desk-based monitoring should be kept on file with other project documents so those points can be followed up in future meetings.

On-site monitoring carried out by the PO/FO

On-site monitoring involves visiting the project site. Like desk-based monitoring, on-site monitoring is an opportunity to gain insight on project implementation progress, risks to successful project completion and possible consideration of adaptations to the approach or project contract. Additionally, on-site monitoring is good for visually observing progress and verifying the quality of results. It should be an opportunity to talk to people involved in the project who are not the Project Promoter, such as technical experts or beneficiaries. When interviewing stakeholders other than the Project Promoter, it is advisable for these discussions to be confidential and without the presence of the Project Promoter. This allows for free exchange of information, frank expression of views, and possible differences of opinion.

There may be an opportunity for the PO/FO to combine on-site monitoring with other activities, such as a verification of documents, an audit, or a training. In some cases, this may be an efficient way to manage time and resources. However, recall that a project audit and an on-site monitoring is not the same activity, as they have different purposes. Should the PO/FO plan to monitor a cluster of projects over several days, there may be an opportunity to invite DPPs, IPOs or the FMO as part of a wider

learning exercise. However, the monitoring team should be small to encourage open interview discussions. Onsite monitoring visits are not the same as showcasing projects.

Monitoring plan

The Country Report includes a simple monitoring plan in the annex, which requires the PO/FO mark which projects will be monitored on-site in the coming year. The PO/FO may change the monitoring plan during the year if necessary. **The PO/FO should prioritise projects that have a project implementation status rated ‘some issues’ or ‘off track’** in the Country Report because these are likely to be higher risk and may require additional attention.

Sampling considerations may include:

- Projects that have a high-risk profile based on their ‘project implementation status’
- Projects that are expected to make a particularly large contribution to programme results
- Projects that have been awarded a large grant amount
- Innovative projects that are likely to have important lessons and interesting findings
- Projects that have high political interest
- Projects that are high-risk according to the Grants’ values
- Projects that have not previously been visited
- The geographical location of a cluster of projects that may be efficient to visit
- Random sampling

For most programmes, **PO/FOs should aim to visit each contracted project at least once** during the implementation period. An exception may be when a programme has contracted a very large number of projects and does not have the available resources to visit all projects.

Monitoring questions

When planning an on-site project monitoring, **the PO/FO should define the purpose and scope of the monitoring visit**. The PO/FO should then **decide on a few monitoring questions** that they want to have answered. Questions should be relevant to the purpose of the monitoring and how far the project has progressed with implementation. Possible monitoring questions are listed below for adaptation. Note that when interviewing stakeholders, the interviewer may need to ask additional probing questions to receive satisfactory responses.

Table 9: Example monitoring questions for adaptation

Implementation progress towards results:	<ul style="list-style-type: none"> - Can you provide an overview of the project's status and its progress towards achieving its aims? Is the project on track, having some issues, or facing serious delays? Why? - Have there been any significant deviations from the planned activities, timelines, or budgets? If so, what corrective actions have been taken? - How are risks being managed within the project? Have any risks materialised, and how were they addressed? - How is the bilateral partnership progressing? Have there been any challenges with the partnership?
Results achieved:	<ul style="list-style-type: none"> - What results have been achieved so far, and how do they compare to the expected results outlined in the project proposal? What is the quality of the results that are being achieved? - Are there any success stories or best practices that have emerged from the project's implementation? - Are the planned results stated in the project proposal likely to be achieved or not? Why?
Stakeholder engagement and dissemination:	<ul style="list-style-type: none"> - How are beneficiaries being engaged in the project? Have there been any challenges with stakeholder engagement, and if so, how have these been addressed? - What dissemination and communication activities have been carried out? How effective have these been in raising awareness of the project and its objectives?
Quality assurance of results:	<ul style="list-style-type: none"> - How is the project ensuring compliance with EU/international standards, including fundamental rights? - What quality assurance measures are in place to ensure the project's outputs meet the expected standards?
Sustainability of results	<ul style="list-style-type: none"> - What plans are in place to ensure the sustainability of the project's results beyond the funding period? - How will the project continue to have an impact in the long term? Are there any strategies for scaling up or replicating the project's success?
Lessons learned and challenges:	<ul style="list-style-type: none"> - What are the key lessons learned from the project's implementation so far? - What have been the biggest challenges, and how have they been overcome?
Efficiency	<ul style="list-style-type: none"> - How are the project's financial management practices? Are there any challenges you've encountered in this area? - How do the project's expenditures align with the planned budget allocations?

Writing monitoring findings

Following the monitoring visit, **the PO/FO should write up a short report with findings** for each question that the on-site monitoring addressed. This information can later be used as examples of project progress in the Country Report. Findings often identify a few key points for follow-up. For instance, if a project is not on track, the finding should detail why that is, and what actions could be taken to improve the situation. Follow-up actions should be assigned to a particular stakeholder, and actions taken promptly. A suggested template for monitoring reports is available in Annex 2.

Sometimes a PO/FO may visit multiple projects during the year and find that several projects have the same issue. When a pattern is found across projects, **the PO/FO should keep a registry of issues** because this may constitute a risk to the programme overall. A pattern of issues should be discussed in Cooperation Committee meetings and reported as a risk in the Country Report. Occasionally, monitoring may uncover the need for a programme agreement modification, which is possible under certain circumstances (Regulations, Article 6.7).

Monitoring of the programme by the NFP and FMO

Monitoring carried out by the NFP

The National Focal Point is required to carry out regular monitoring of the programmes. This includes checking implementation progress towards each programme's planned results, and monitoring the fulfilment of financial requirements. Results of the monitoring should be included as part of the NFP's assessment of programmes in the Country Report (Regulations, Article 5.3).

Monitoring carried out by the FMO

The FMO also monitors programmes, and in some cases, projects. This may involve the FMO's own staff or external consultants contracted by the FMO. The FMO will inform the PO/FO about any monitoring visits at least two weeks in advance (Regulations, Article 10.3). It is appreciated that the PO/FO helps to coordinate on-site visits with Project Promoters, and grants access to relevant information necessary for the monitoring assignment (Regulations, Article 10.4). For reasons of efficiency, the FMO may request monitoring visits in combination with other events such as an Annual Meeting or a Cooperation Committee meeting. Some meetings or interviews may need to be confidential to enable the free exchange of opinions on sensitive topics.

Chapter summary

Calls for proposals and pre-defined projects:

- Programmes contract projects through one of two modalities: calls for proposals or pre-defined projects.
- Fewer calls are usually more administratively efficient than many calls. Most programmes should plan for one or two calls per outcome. Most calls should be launched early in the implementation phase to allow projects the necessary time to achieve quality results.
- The minimum project grant amount should be considered carefully. A smaller minimum grant size typically results in a greater number of projects in the programme portfolio. Ensure the project grant size is proportional to the administrative work required of Project Promoters, donor project partners and the PO/FO.
- Align the call text and project application template with the PLI form in GrACE, as relevant. This will ensure the PO/FO can efficiently enter the required information into GrACE.
- Ensure call texts and pre-defined project proposals clearly state the relevant programme outcomes, outputs, indicators and targets that projects should contribute to.
- Scoring criteria should include the contribution a project expects to make to programme results.
- Include results reporting obligations in contracts with Project Promoters.

Data collection:

- A data collection system includes trained people who understand their role, a plan for how and when to implement certain processes, and a platform for collecting and storing data.
- Data quality involves verifying data is correct, up-to-date, and complete. Do not accept and submit data that you suspect is incorrect. Each PO/FO should have a responsible data quality officer to support data quality.
- The FMO is responsible for collecting data for the bilateral indicators from projects with a donor project partner. The FMO will send a short survey to the Project Promoter and Donor Project Partner on project completion.

Reporting:

- Project-level reporting by Project Promoters to PO/FOs should not be too burdensome or frequent. Project progress reports once or twice per year should be sufficient and in time to

provide data for the Country Report. All projects should submit a final project report when they are finalised.

- Country-level reporting is done annually in the Country Report and is used as a basis for dialogue at the Annual Meeting. Programme-level reporting is done via the programme chapters in the Country Report. The Country Report includes data automatically extracted from GrACE, narrative text on progress and results, and quantitative data, among other sections.

Risk management:

- Risks are always present in programmes and need to be managed. The risk assessment in the Country Report is a formal exercise to identify and score the most important risks
- Identified risks require risk management response. Common risk management responses are to mitigate, accept, transfer or terminate.
- Risks should be managed throughout the year and discussed in Cooperation Committee meetings

Monitoring:

- Project monitoring helps to ensure that procedures are being followed, progress is being made towards agreed results, and that risks are being managed. Monitoring findings may be used for corrective action. Monitoring is not the same as an audit.
- Desk-based monitoring involves routine programme management practices including emails, telephone calls, online meetings, reviewing reports and reviewing communications material. It can be an efficient way to get basic information and can also promote open discussions on emerging issues and risks.
- On-site monitoring visits are more structured and detailed than desk-based monitoring and involve visiting the project site to visually observe progress, verify results and discuss issues with stakeholders.
- A simple plan for on-site monitoring is included in the Country Report. Projects that have an implementation status of 'some issues' or 'off track' should be prioritised for monitoring.
- The FMO may also monitor programmes and projects. This may involve site visits by FMO staff or externally contracted consultants.

5. Programme Closure Phase

Project expenditures incurred after 30 April 2031 are not eligible (Regulations, Article 8.14). This is the moment where the programme implementation phase transitions into the closure phase. This chapter outlines the main closure activities related to Results-Based Management, such as evaluations, closure processes, and the Final Country Report. The FMO will provide a detailed 'Closure Guidance' document prior to the end of the Financial Mechanism period.

Programme evaluations

Each Beneficiary State is responsible for carrying out an evaluation of each programme. The evaluation shall be carried out in accordance with the following guidelines (Regulations 10.1). An evaluation is a systematic, objective, and independent assessment of the design, implementation and/or results achieved in programmes and projects. The evaluation must be carried out by experts or entities independent of the National Focal Point, the Certifying Authority, and the Programme Operator. Evaluations should be designed to support both learning and accountability. Planning and executing a programme evaluation may take one year, if we consider the time taken for the drafting of a Terms of Reference through to the delivery of an approved final evaluation report (Figure 15).

Figure 15: Example timeline of a programme evaluation

Month	1	2	3	4	5	6	7	8	9	10	11	12
Drafting the Terms of Reference												
Consultation and changes to the ToR												
Publishing and receiving bids												
Bid assessment and contracting												
Desk research												
Fieldwork and data collection												
Analysis and report drafting												
Comments from stakeholders												
Report finalisation												

Evaluation Plan

The National Focal Point must submit a simple 'Evaluation Plan' for each programme as part of the Country Report (see Chapter 4). The main purpose of the Evaluation Plan is to ensure that an appropriate budget has been earmarked, and the timing for drafting the Terms of Reference through to the delivery of the final report has been planned for. The National Focal Point may modify the Evaluation Plan in subsequent Country Reports. It is recommended that evaluations are planned to be carried out 'ex-post', around the end of the project eligibility period. Final evaluation reports should be completed some months before the Final Country Report deadline. This will allow Programme Operators and the National Focal Point time to use key findings of the evaluation in the Final Country Report (see below).

The Beneficiary State is responsible for ensuring the necessary resources are made available for each programme evaluation. **The Technical Assistance budget is the main budget line for evaluations** and may be supplemented by the Programme Management budget line.

As a rough guide, most programme evaluations in the previous 2014-2021 Financial Mechanism were budgeted between 30,000 and 70,000 Euros. The median evaluation budget was around 50,000 Euros. The planned evaluation budget should be based on factors such as programme grant size, the number of projects contracted by the programme, the technical complexity of implemented projects, the typical daily rates of evaluation experts in the Beneficiary State, and the amount of travelling required within the country to visit project sites. The evaluation budget should factor in possible inflation of consultancy rates between the start and end of the programme.

Table 10: Evaluation Plan example

Programme name	Programme grant amount	Planned evaluation budget	Planned launch of the Terms of Reference	Planned delivery of the evaluation report
[Short name]	[EUR]	[EUR]	[month-year]	[month-year]
[Short name]	[EUR]	[EUR]	[month-year]	[month-year]

Evaluation Terms of Reference

The National Focal Point should prepare the Terms of Reference for each programme evaluation with the Programme Operator. The FMO, Donor Programme Partner(s), and International Partner Organisation(s) should be consulted, as relevant. For programmes with a Fund Operator, it is their role to prepare the Terms of Reference.

Drafting of the Terms of Reference should begin a full year prior to when the final evaluation report is expected to be delivered. This allows sufficient time for drafting the Terms of Reference, consulting with relevant stakeholders and making changes, publishing, and receiving bids, assessing bids and contracting the successful bidder, initiating a document review, conducting field work and data collection, writing draft reports, reviewing reports and making changes, and final publication.

Occasionally, a National Focal Point may wish to combine the evaluations of several programmes in one Terms of Reference because it is presumed to be less administratively burdensome. This is possible, but it is not usually recommended for several reasons. For instance, it will probably be more difficult to find a contractor with sufficient expertise in a variety of sectors. Larger calls for proposals may have more administrative requirements. Also, it sometimes happens that one programme is ready for its evaluation ToR to be launched while other programmes may be delayed. In cases where multiple programme evaluations are included in one Terms of Reference, it must be clearly stated that **a separate programme evaluation report must be delivered for each programme.**

A suggested template for the Terms of Reference is available in Annex 3. The template may be adjusted according to national requirements and programme specifics.

The Terms of Reference should begin with a section that **provides a background to the programme and the specific purpose and scope of the evaluation.**

Regarding the scope of the evaluation, the Terms of Reference should choose from a set of **evaluation criteria** defined by the OECD DAC Network on Development Evaluation⁵: Relevance, Coherence, Effectiveness, Efficiency, Impact and Sustainability. It is important to identify specific criteria for the evaluators to focus on. It is not usually possible to include all criteria in the evaluation due to time and budget. A selection of three or four evaluation criteria is suitable for most programmes.

⁵ OECD (2021) Applying Evaluation Criteria Thoughtfully, Available at <https://www2.oecd.org/dac/applying-evaluation-criteria-thoughtfully-543e84ed-en.htm>

Evaluation questions should be developed that are relevant to the scope and purpose of the evaluation. Each question should be listed under an evaluation criterion. A maximum of 10 evaluation questions are suggested for most programme evaluations. These may be supplemented by a few clarifying sub-questions. Avoid including too many evaluation questions as this can result in the evaluators addressing too few evaluation questions in sufficient depth. At least one question should focus on the bilateral aspects of the programme. The evaluators are expected to directly answer the main evaluation questions in the final evaluation report. Suggested evaluation questions for each evaluation criterion are presented in Table 11. These may be adapted for the specific needs of each programme.

A **methodology** section with relevant considerations should be included in the Terms of Reference. For desk research, indicate the type of documents that the evaluators should review. For fieldwork, indicate approximately how many projects should be visited onsite, and how they should be sampled. Indicate which types of stakeholders should be interviewed, and how many. Consider whether the evaluators should also conduct focus group discussions or administer an online survey. Evaluators can be asked to define a more detailed methodology in their bids that fits with the purpose and scope of the evaluation. Likewise, ask the evaluators to describe how they will ensure their analysis will present valid findings (for instance, through triangulation or an analysis of the frequency of certain responses).

The Terms of Reference must describe the expected **deliverables**, including draft documents, and the deadline of each deliverable. Include specific information about the final evaluation report, such as the expected report structure (see Annex 4), the suggested number of pages, and the language to be used (national language or English). As a guide, it is often suitable for a final programme evaluation to be around 50 pages long, excluding Annexes. **The final report must include an Executive Summary of 4-8 pages written in English.** A presentation of the final evaluation report may optionally be included.

Provide a **timeline** for the stages of the evaluation or ask the evaluators to propose a schedule. Indicate the period for desk research, fieldwork and data collection, analysis, draft report writing, and final report submission. Consider including important dates for meetings or presentations. As a guide, evaluations often take approximately six months from contracting to completion, depending on the size of the programme and scope of the evaluation.

Specify the required skills and expertise of the **evaluation team**. For instance, consider thematic experience related to the programme area, knowledge of the country context and its institutions, experience carrying out similar types of evaluations, and proficiency in relevant languages. Specify any other relevant characteristics of the evaluation team, such as the required years of experience, a mix of junior and senior members, or the desired size of the evaluation team.

It is recommended that the Terms of Reference states the available **budget**, or at least an indicative budget range. Bidders should describe what they can offer within this budget. The Terms of Reference should only ask bidders to propose a budget if this is a national procurement requirement. In this case, the budget lines should be clearly defined and provided to bidders. This facilitates a fair and accurate price comparison when comparing bids.

Include **scoring criterion**, showing how bids will be assessed and the number of points available for each criterion. For example, points could be awarded for 'Understanding the assignment', the 'Proposed methodology', 'Team composition', and 'Value for money'.

List the person(s) in your organisation who can be contacted in case of questions, their contact details, and the deadline for any questions. Clearly state the **deadline for submission** of bids and the digital address for sending bids.

Finally, consider including an **annex** with additional documents that will help contractors prepare a quality bid. This may include attachments or links to non-confidential documents such as the Concept Note,

Programme Agreement, call texts, or websites of contracted projects. The evaluation report template could be provided with the Terms of Reference or after contracting.

The draft Terms of Reference for the evaluation must be shared for consultation with the Programme Operator, the FMO and any Donor Programme Partners and International Partner Organisations. The Terms of Reference should be shared one month before the planned publication to give stakeholders two weeks to comment and then two weeks for any clarifications or changes. After finalising the Terms of Reference, the National Focal Point should share the published Terms of Reference with all stakeholders.

Table 11: Evaluation criteria and questions for adaptation

Criteria and description	Suggested evaluation questions for adaptation
Relevance: Consider whether the programme is doing the right things to address the identified issues or challenges.	<ul style="list-style-type: none"> - How well was the programme and its calls designed to address the identified issues, needs or rights? - To what extent did the programme attract projects that could address the needs of stakeholders (organisations, institutions, target groups)? - How relevant were the bilateral partnerships?
Coherence: Consider how well the programme fits with other interventions and funding in the country or sector. Consider whether there are synergies and linkages or overlaps and duplication. Alternatively, consider whether the programme filled a niche.	<ul style="list-style-type: none"> - To what extent did the programme have synergies and linkages with other interventions? - To what extent did the programme add value while avoiding duplication with similar interventions? - To what extent did the programme align with and support national priorities, European priorities and international standards?
Efficiency: Consider how well resources are being used and whether quality results have been delivered in an economical and timely way. This includes operational efficiency at both the programme and project level.	<ul style="list-style-type: none"> - To what extent was the programme designed and calls developed and published in a timely and economic way? - To what extent were administrative and financial processes executed in an efficient and timely way? - To what extent did key stakeholders have the capacity to implement the programme and projects and deliver results in an economic and timely way? - To what extent did delays affect the implementation of projects and the programme? - How efficiently were bilateral partnerships developed and operationalised?
Effectiveness: Consider the extent to which the programme achieved its planned results at output and outcome level. Consider also any unplanned or unexpected results.	<ul style="list-style-type: none"> - To what extent were the outputs and outcomes achieved to the desired quality, as opposed to quantity? - To what extent were the outputs and outcomes achieved with respect to human rights of marginalized groups? - Which factors most influenced the achievement or non-achievement of planned outputs and outcomes? - Were any unplanned or unexpected results achieved that contributed to the programme objective? If so, which? - To what extent did bilateral partnerships add value and how?
Impact: Consider the difference that the programme had at the objective-level. Consider higher-level effects on society or the environment beyond the programme outcomes.	<ul style="list-style-type: none"> - To what extent did the Programme or Fund contribute to higher-level social, environmental, or economic effects in the programme area, beyond the programme outcomes? - Did the programme or projects have any unintended negative impacts and how could these be avoided in future?
Sustainability: Consider the extent to which the benefits of the programme are likely to continue in the future.	<ul style="list-style-type: none"> - To what extent are the benefits of the programme likely to continue in the next five years? - What financial, social, environmental, and institutional factors are needed to sustain the benefits over time, and who is responsible?

Evaluation report

A suggested structure for the evaluation report is provided in Annex 4. The report may be in a national language of the Beneficiary State or in English. The external evaluators have overall responsibility for the contents of the evaluation report. The draft evaluation report should be submitted for comments to the National Focal Point, and other relevant stakeholders including the Programme Operator, Donor Programme Partners, International Partner Organisations and the FMO.

The report must include an **Executive Summary** in English that summarises the methodology, main findings, conclusions, and recommendations. The evaluation report should be maximum 50 pages, excluding annexes. The shorter and more concise the report is, the more likely it is to be read and used.

Following an **Introduction** section, a **Methodology** section must clearly describe the methods used, the approach to sampling and any limitations. In the **Findings** section, the evaluators must answer each evaluation question from the Terms of Reference. The evaluators should use appropriate evidence to support their analysis and should ideally be validated through triangulation of information from multiple data sources. The findings should be logically coherent, and where there are differences in viewpoints between certain stakeholders these should be transparently described. The **Conclusions** section should summarise the most important evaluation findings. The **Recommendations** may be presented alongside the conclusions, or in a separate section. Each recommendation should be actionable and addressed to a specific stakeholder.

Publishing and using the evaluation report

The final evaluation report and a summary for the general public must be published on the website of the National Focal Point or Programme Operator (Article 10.1). Furthermore, the evaluation report should be shared by all involved stakeholders within their professional networks and promoted on social media. Ideally, the evaluators should present the report to the key stakeholders, either online or in a workshop to allow for questions and answers. In some instances, it may be possible for a presentation of the evaluation to be part of the programme closure event.

When the final evaluation report is complete **the National Focal Point should prepare a management response for the recommendations**. This can be in the form of a simple table stating whether stakeholders agree, partially agree, or disagree with each of the recommendations that is addressed to them, and a simple plan to follow-up with relevant stakeholders (Table 12). This is a structured way to ensure that lessons are learned for a future programme.

Table 12: Example table for a management response to recommendations

Number	Recommendation	Short response	Response description
1	[Recommendation from the evaluation]	[Agree]	[Text]
2	[Recommendation from the evaluation]	[Partially agree]	[Text]
3	[Recommendation from the evaluation]	[Disagree]	[Text]
...			

Table 13: Overview of Beneficiary State Evaluations

Who is responsible for the evaluation?	The National Focal Point is responsible for commissioning an external evaluation of each programme. Relevant stakeholders should comment on the Terms of Reference and draft evaluation report, including Programme Operators, Donor Programme Partners, International Partner Organisations, and the FMO.
Who carries out the evaluation?	External, independent evaluators
When is the evaluation carried out?	Once, towards the end of the programme (ex-post).
What is the purpose of the evaluation?	To independently assess the programme and provide rigorous analysis for learning and accountability.
How should the evaluation be designed?	A Terms of Reference should describe the desired scope, evaluation criteria and evaluation questions to be directly answered by the evaluators. Relevant methods include desk research of programme documents, interviews, observations during site visits, focus group discussions and surveys. Mixed methods are often used to support the triangulation of findings.
What does an evaluation cost?	The evaluation budget will depend on factors such as the size of the programme and the scope of the evaluation. In the previous Financial Mechanism, most evaluations were budgeted at between 30,000 and 70,000 Euros.
Who is the audience for the final report?	The final evaluation report must be published online for the general public. A summary must be provided in English.

Evaluations commissioned by the FMO

The FMO also commissions evaluations on behalf of the Donors (Regulations, Article 10.2). FMO commissioned evaluations may focus on the overall objectives of the Grants, specific programme areas, the design and implementation of programmes, or other themes related to the management of the Grants. The FMO may commission evaluations anytime throughout the Financial Mechanism period.

The FMO prepares an Evaluation Plan annually that is approved by the Donors. Following approval, the FMO commissions external evaluators to carry out the evaluations. The FMO covers all costs related to these evaluations.

To carry out FMO commissioned evaluations efficiently, the evaluators must be provided with prompt, full and unimpeded access to information, documents, persons, locations and facilities, public or private subject to the applicable limitations under national legislation (Regulations, Article 10.4). In practice, this means relevant stakeholders must provide access to programme and project documents, participate in interviews, respond to surveys, and assist in the coordination of project visits.

The FMO publishes completed evaluations on the eeagrants.org website and disseminates the reports widely through social media, workshops, and conferences.

Programme closure processes

Closure overview

The Regulations describe various closure obligations and processes specific to each stakeholder. A detailed 'Closure Guidance' document will be provided by the FMO prior to the end of the Financial Mechanism period. A Programme is considered closed when the Donors have approved the Final

Programme Report and all the outstanding financial obligations have been settled. The most important closure deadlines in the Regulations are summarised and presented in Table 14.

Table 14: Important closure dates in the Regulations

	Regulations article	2031		2032		
		April	December	April	August	December
Final date of eligibility of project costs	8.13	30 Apr				
Suggested deadline for publishing the evaluation Terms of Reference	-	30 Apr				
Suggested deadline for receiving the final evaluation report	-		31 Dec			
Final date of eligibility for bilateral funds at programme level	4.10		31 Dec			
Deadline for the Final Programme Report	6.8			30 Apr		
Final date of eligibility of programme management costs	8.10			30 Apr		
Final date of eligibility for the Bilateral Fund at national level	4.7			30 Apr		
Deadline for the Final Country Report	2.6				31 Aug	
Deadline for Audit Authority to submit closure declarations.	5.5					31 Dec

Project-level preparations for closure

Project Promoters need to ensure that all project activities have been carried out according to the requirements of their respective project contracts. **POs and FOs may consider setting deadlines in project contracts some months earlier than the final date of eligibility of project costs** in the Regulations. This would allow the PO/FO the possibility of providing an extension in case of a delay up until the end of the project eligibility period.

Project Promoters must deliver a final project report to the PO/FO which includes **final quantitative results for the programme's Results Framework and qualitative results (i.e. a narrative description) for the Project Level Information**. POs/FOs should provide Project Promoters with a report template that is aligned with the FMO's Project Level Information template in GrACE for reporting efficiency. POs/FOs must ensure that the final project-level information has been accurately submitted in GrACE prior to the submission of the Final Programme Report. To fill the final section of the project-level information in GrACE the 'project contract status' must be set to either 'completed', 'partially completed', or 'terminated'.

'Completed' means that planned activities in the project contract have been completed. **'Partially completed'** means that some, but not all planned activities in the project contract have been completed by its contracted end date. For projects that are marked as partially completed in the Final Programme Report, only costs associated with completed viable and identifiable components of the project may be considered eligible and included in the final balance. Components are 'viable' when it can be shown that they are in a condition to be able to fulfil their objectives without further work. Components are 'identifiable' when their monetary value can be established. **'Terminated'** means that the project contract has been terminated with no eligible costs or incurred costs. If a project contract has been cancelled but does have eligible costs, then it should be marked as 'partially completed'.

Programme-level preparations for closure

Before a programme can be closed, Programme and Fund Operators must have fulfilled any Programme Agreement conditions and resolved all irregularities or taken measures to remedy them. All Interim Financial Reports must have been submitted and these must have been approved by the FMO. The external programme evaluation report should be delivered, and audits should be completed. Communication activities should be completed, including the hosting of a final event. Finally, the Final Programme Report should be submitted to the FMO and approved by the donors.

Final Programme Report

A template for the Final Programme Report will be provided by the FMO (Regulations, Article 6.8). The Final Programme Report must be submitted in GrACE. Detailed instructions and training on how to report results in the Final Programme Report will be provided in a Closure Guidance document towards the end of the financial mechanism period.

The Final Programme Report will cover the entire programming period and include relevant financial and results information. Programme and Fund Operators will be asked to analyse and describe their most important results for each programme outcome. It is important that the report is evidence-based. This means that narrative text should draw on sources such as the filled programme Results Framework, project-level information, final project reports, and the external programme evaluation. Programme and Fund operators should also reflect on their most important challenges and lessons learned.

The FMO will review the Final Programme Report and if no corrections or adjustments are needed, the Donors will approve the Final Programme Report within two months of receipt of the report and its annexes. The National Focal Point must publish the approved Final Programme Report within one calendar month from the approval by the Donors (Regulations, Article 6.8).

Chapter summary

Evaluations:

- All programmes must be evaluated at least once by an independent entity.
- The Beneficiary State is responsible for ensuring the necessary budget and human resources are made available. The Technical Assistance budget is the main budget line for evaluations and, if necessary and justifiable, may be supplemented by the Programme Management budget line.
- The donors may also commission evaluations that focus on the overall objectives of the Grants, specific programme areas, the design and implementation of programmes, or other related themes
- All stakeholders must provide access to information or be available for an interview, if requested

Programme closure:

- Project Promoters must deliver a final project report to the PO/FO which includes final project results for the programme's Results Framework and a final narrative description for the Project Level Information.
- The Final Programme Report must follow the template provided by the Donors and be submitted in GrACE.
- The National Focal Point must publish the approved Final Programme Report on its website.

Annexes

Annex 1: Glossary

Activity:	Actions taken, or work performed through which inputs, such as funds, technical assistance and other types of resources, are mobilised to produce specific outputs.
Assumption:	What is assumed will happen from one level of the result chain to the next. It is a condition that should be true for the success of an intervention.
Baseline:	The situation before the start of an intervention – the reference point for measuring change. More specifically, it is the value of a particular indicator at the beginning of an intervention from which changes are measured.
Coherence:	An evaluation criterion that looks at the degree of compatibility of the programme or fund with other interventions in a country, sector or institution.
Data collection methods:	<p>The means of collecting data. Some examples of data-collection methods are observation; analysis (of media, records or documents); survey; interview; focus groups; collection of anecdotal evidence.</p>
Effectiveness:	An evaluation criterion that looks at the extent to which the programme or fund has achieved its planned results, including any differential results across groups. Effectiveness asks, is the intervention achieving its objectives?
Efficiency:	An evaluation criterion that looks at the extent to which the programme or fund delivers results in an economic and timely way.
End beneficiaries:	Individuals or groups expected to directly benefit from an intervention.
Evaluation:	A systematic, objective, and independent assessment of the design, implementation and/or results achieved in programmes and projects with the aim of determining the relevance, coherence, effectiveness, efficiency, impact and/or sustainability of the financial contribution.
Impact:	The highest level of results in the result chain, with the results of an intervention on society or the environment (positive or negative, direct or indirect, intended or unintended). In the grants, the impact level is associated with the programme objective.
Impact:	An evaluation criterion that looks at the extent to which the programme or fund has generated or is expected to generate significant positive or negative, intended or unintended, higher-level effects. Impact asks, what difference does the intervention make?
Indicator:	A quantitative or qualitative variable that specifies what is to be measured along a scale or dimension. It should be expressed in neutral terms and should neither indicate the direction of change nor embed a target.

- Input:** Any financial, human, material, technological and information resources used for interventions (projects and/or programmes).
- Intermediaries:** A target group contributing to the achievement of results for end beneficiaries.
- Modality:** A means for contracting projects in a programme, such as a call for proposals, or a pre-defined project
- Monitoring:** The observation of programme and project implementation to verify progress towards agreed outcomes and outputs and to identify potential problems in a timely manner so as to allow for corrective action.
- Objective:** See impact (highest level of results).
- Outcome:** Outcomes are the (short and medium-term) effects of an intervention's outputs on the intermediaries or end beneficiaries. Outcomes are rarely under the direct control of the implementing organisation.
- Output:** Outputs are the products, capital goods and services delivered by a programme to the intermediaries. Outputs are easy to attribute directly to the resources used and the activities performed. They are usually within the control of the implementing organisation.
- Project:** An economically indivisible series of works fulfilling a precise technical function and with clearly identifiable aims related to the programme under which it falls.
- Programme:** A structure setting out a development strategy with a coherent set of measures to be carried out through projects with the support of the Grants and aimed at achieving agreed objectives.
- Relevance:** An evaluation criterion that looks at the extent to which the programme or fund responds to the needs and priorities of the beneficiaries, country, donor states, European, and other stakeholders.
- Results:** Results are the outputs, outcomes and impact of an intervention or a programme.

Results-Based Management (RBM):

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

Result chain: The anticipated causal relationship from inputs to outputs to outcomes to the objective as the different levels of results over time.

Results framework:

A tabular presentation of the results chain showing the causal sequence for an intervention – from outputs to outcomes, and from outcomes to the objective. The result framework can also include indicators, baselines, and targets.

Risk: An event or circumstance that may affect the achievement of expected results.

Risk management:

A continuous, proactive, and systematic process of identifying, assessing and managing risk in line with the accepted risk levels to provide reasonable assurance as to achieving the expected results.

Sustainability: An evaluation criterion that looks at the extent to which the benefits of the programme or fund continue or are likely to continue. Sustainability asks, will the benefits last?

Target: An indicator value to be achieved by the end of the programme. It is what the intervention would like to achieve within a certain period in relation to one of its outputs or outcomes.

Target group: Individuals or groups expected to directly benefit from an intervention.

Annex 2: Project Monitoring Report template

The following is a suggested template for use by Programme and Fund Operators when writing a short summary of key findings from on-site monitoring.

Title: [Title for the monitoring assignment]

Programme: [Programme name]

Project(s) visited: [project code, project title, project promoter]

Location(s): [Country, Region, District]

Project implementation status:

[Project-01]	On track	The project's implementation is on track to achieve its aims as per the plan set out in the project proposal
[Project-02]	Some issues	The project is experiencing some issues that are causing small or moderate delays. However, the project still expects to achieve its main aims.
[Project-03]	Off track	The project is experiencing serious delays or deviations from its plan.

Introduction [0.5 pages]

Include background information such as the reason(s) for monitoring

Methodology [0.5 pages]

Note the methods used for collecting data, such as observation, interviews, checking documentation etc. Note any monitoring questions used.

Findings [1 page per project]

Describe your monitoring findings for each project. In particular, describe implementation progress, challenges, risks, and lessons learned.

Follow-up action points [0.5 – 1 page]

Note the main conclusions and recommendations, noting any patterns across the monitored projects.

Annex 3: Programme Evaluation Terms of Reference template

The following template is a suggested guide when preparing the programme evaluation Terms of Reference. Additional sections may be added to satisfy national requirements and programme preferences.

Background to the programme

[1 page]

Describe why the programme was designed and the issues it aimed to address. Describe the programme's objective and expected outcomes. Outline the roles and responsibilities of various key stakeholders involved in designing and implementing the programme. Describe the key characteristics of the calls and projects contracted.

Purpose and scope of the evaluation

[1 page]

Describe who is commissioning the evaluation, the reasons for conducting the evaluation, and how the final report will be used. Define a realistic scope for the evaluation, given the time and resources available. If the programme is large, the evaluation doesn't need to cover the entire programme, but it should be clear which outcomes and outputs the evaluators should focus on.

Evaluation criteria and questions

[1 page]

Define the evaluation criteria to be used in the evaluation. Possible criteria include: relevance, coherence, effectiveness, efficiency, impact, and sustainability. As a guide, it is suggested that three or four criteria are chosen. Evaluation questions should be listed under each evaluation criteria. As a guide, approximately 10 evaluation questions are suitable for most programme evaluations. Too many questions often mean that they are not addressed in sufficient depth. At least one question should focus on the bilateral aspects of the programme. The evaluators must directly answer the evaluation questions in the evaluation report.

Methodology

[1 page]

Describe relevant methodological aspects that the evaluators should consider when preparing their bid. Indicate the type of documents that the evaluators should review as part of their desk research, including the Concept Note, Programme Agreement, Results Framework, Annual Reports, Programme Monitoring Reports etc. Indicate approximately how many interviews should be conducted, and with which stakeholders. Indicate approximately how many project sites should be visited, and how the list of projects should be sampled. Indicate whether the evaluators should also conduct focus group discussions or administer an online survey. Ask the evaluators to define a more detailed methodology in line with the prescribed purpose and scope. Ask the evaluators to describe how they will ensure their analysis will present valid findings (for instance, through triangulation or the frequency of consistent responses).

Deliverables

[0.5 page]

Describe the expected deliverables, including draft documents, and deadline of each deliverable. Include specific information about the final evaluation report, such as the expected report structure, the suggested number of pages, and the language (national language or English). As a

guide, it is often suitable for a final programme evaluation to be around 50 pages long, excluding Annexes. The final report should include an Executive Summary of 4-8 pages written in English. A presentation of the final evaluation report with questions and answers may optionally be included.

Timeline

[0.5 page]

Provide an indicative timeline that presents each stage of the evaluation. For instance, indicate the period for desk research, fieldwork and data collection, analysis, draft report writing, and final report submission. Consider including important dates for meetings or presentations. As a guide, evaluations often take approximately six months from the moment the evaluator(s) is contracted to completion, depending on the size of the programme and scope of the evaluation.

Team

[0.5 page]

Specify the required skills and expertise and the desired skills and expertise of the team. For instance, consider thematic experience related to certain sectors, contextual knowledge of the country and its institutions, methodological experience carrying out similar types of evaluations, and proficiency in relevant languages. Specify any other relevant characteristics of the evaluation team, such as the required years of experience, a mix of junior and senior members, the size of the evaluation team etc.

Budget

[1 paragraph]

It is recommended that the Terms of Reference states the budget that is available for the evaluation or at least provides an indicative budget range. Bidders should describe what they can offer within this budget. Alternatively, if the budget is flexible, ask the bidders to come up with their own estimates based on the tasks proposed.

Scoring criteria

[1 paragraph]

The ToR should describe how the bids will be scored and the number of points available for each criterion. For example, points could be awarded for 'Understanding the assignment', the 'Proposed methodology', 'Team composition', and 'Value for money'.

Submission deadline and contact person

[1 paragraph]

List the person(s) in your organisation who can be contacted in case of questions, their contact details, and the deadline for any questions. Clearly state the deadline for the submission of bids and the address for sending bids.

Annexes

Provide any additional documents relevant to the preparation of a quality bid. This may include attachments or links to non-confidential documents such as the Programme Agreement, Call texts, or project websites. The evaluation report template could be provided with the Terms of Reference or after contracting.

Annex 4: Programme Evaluation Report template

The following programme evaluation report template is suggested for most programmes. Alternatively, other section headings and sub-headings are also possible. Most programme evaluation reports should be under 50 pages in length, excluding annexes.

Executive summary

The Executive Summary should be between 4 and 8 pages long. It should summarise the main sections of the evaluation, with a focus on the main conclusions and recommendations. It must be provided in English.

Table of contents

Abbreviations

List of tables and figures

Introduction

This section should introduce the purpose and scope of the evaluation.

Background to the programme

The section should include a brief background to the programme being evaluated. Describe the issues the programme aimed to address, the programme's objective and its expected outcomes. Outline the roles and responsibilities of key stakeholders. Describe the key characteristics of the calls and projects contracted.

Methodology

The evaluators should describe the evaluation methodology, including data collection methods, sampling, and approach to analysing the data. All evaluations typically have some limitations, and these should be noted.

Findings

This section comprises the main body of the evaluation report. It is recommended that each evaluation question is a sub-heading. The evaluators are expected to answer each evaluation question from the Terms of Reference, using evidence from data collection and analysis.

Conclusions and recommendations

The conclusions and recommendations can be presented next to each other in one section, or alternatively, split into two sections. The conclusions should summarise the most important findings. The recommendations should be addressed to the relevant actor(s), such as the Programme Operator, National Focal Point, FMO etc. The recommendations should be written in such a way that they are actionable.

Annexes