



# Strategic Report 2011

## of the Norwegian Financial Mechanism

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**Slovak Republic**  
Version 1.0

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## 1 EXECUTIVE SUMMARY

Slovakia signed the Memoranda of Understanding as the first country among the beneficiary states on October 2010 on the occasion of the State visit of the Norwegian royal couple. After the Regulations for both mechanisms have been adopted a revised version of MoU were signed in August 2011.

The revised versions of the MoU designated the POs for the Programmes or, where this could not be done, it set forth the way how the PO will be selected.

A lot of trust has been given to the Focal Point, as the number of Programmes it will implement is high. The FP will operate 3 of 4 Programmes implemented under the Norway Grants. In the reporting period, FP showed potential to manage the Programmes. Several strategic and methodological documents have been adopted at the national level by the FP and the CA. The FP started co-operation with national experts, from the state administration bodies, public as well as private sector. It is also very open towards the public and recognises the necessity of public involvement in Programmes preparation as a prerequisite to get a public consensus on the Programmes.

The positive externality of the FP being the Programme Operator can be seen in the reduction of Management Costs. Generally, it is assumed that the FP will be able to operate the Programmes at half of the management costs ceilings. This also means that more money is available for the Projects.

The FP has started this period with two main strategic objectives. First, we would like to remove the administrative burdens that were subject to a lot of criticism in the previous period, not only by the Project Promoters, but also from the different groups of independent evaluators. Therefore, the system of control of expenses underwent thorough revision, bringing a brand new system of control, giving a lot of confidence and the related responsibility to that level where the expenses have incurred.

Secondly, the Results Based Management principle has been highlighted in all strategic documents and has become the leading principle of the Norway Grants implementation in Slovakia. This also means that the FP will pay due attention to the monitoring, reviews, evaluations and audits, and the same is requested by the Programme Operators. The FP will closely cooperate with experts in the given Programme Areas, in order to ensure that any changes that could help reversing the undesirable development in a Programme or in a Project are identified and can be implemented in a timely manner. Due attention will be paid to the on-the-spot checks, where relevant experts will also participate.

Given the reporting period of this Report, the report contains only information about progress made by 31 December 2011. In the meantime, significant progress was achieved, and the Programmes at the time of drafting this report are far more developed as written

in the report and have been already sent to the donors for assessment. The update of the report will be submitted at least two weeks prior the annual meeting, which is planned on November 2012.

## **2 ASSESSMENT OF IMPACT AT NATIONAL LEVEL**

### **2.1 Cohesion**

No Programmes were approved (except of the Programme Global fund for decent work and tripartite dialogue which has been already approved) and implemented during the period concerned; therefore it is not possible to assess a real impact of the financial mechanism at national level in relation to overall objectives of economic and social development and strengthening of bilateral cooperation.

In accordance with the MoU the FP as the PO started to prepare Programme proposals for each Programme in cooperation with relevant national public authorities, institutions and experts and as well as Donor Programme partners.

### **2.2 Bilateral relations**

When preparing the Programmes, due attention was paid to relevant national strategies regarding the economic and social development and the objectives set out in the MoU to ensure that the implementation of Programmes will contribute to the reduction of social and economic disparities in EEA and will facilitate to strengthen of bilateral cooperation.

The cooperation with the Donor Programme Partners has shown very fruitful and opened brand new dimensions as regards new, innovative approaches. It also provides a certain feeling of assurance that the Programmes proposed by the FP can be accepted also in abroad, and that the proposed design and solutions is up-to-date and in line with the current trends.

From this point of view, the decision of Norway and the Slovak Republic to engage the DPPs in almost all of the Programmes can be seen only positive. The idea to cover the costs from the Norwegian part of the Norway Grants allocation removed the potential problems with public procurement and state aid related issues.

Slovakia is trying to pursue partnerships also at the project level. Therefore, the DPPs will be asked to create lists of potential project partners from the donor countries. The list should be published together with the call, so as to provide the applicants with some ideas which entities in the donor states might be relevant for cooperation.

Furthermore, we are trying to introduce a new system of partnerships that is similar to the one used in IPA Adriatic. Similar rights and responsibilities are given to the Project Promoters and Project Partners, making the Project Partners responsible for a specified part of the project. This also means that the difference between the role of the Project Promoter and the Project Partner are slightly erased, and the Project is implemented by two or more entities, one of them being a leading partner. This also means that both the Project Promoters and Project Partners have to be assessed in the assessment process using the same or at least similar criteria.

The role of the project partner shall be clearly defined in the project application. This role can not involve the provision of services or goods, or carrying out of works for remuneration. For the partner's expenditures to be eligible within the project the role of the project partner has to be related to an indivisible series of works forming an integrated output of the project with separate budget.

### **3 MANAGEMENT AND IMPLEMENTATION**

#### **3.1 Management and control systems**

The FP submitted a Detailed Description of the Management and Control Systems to the FMO on 15<sup>th</sup> November 2011. No changes were made to the system in the reporting period of this Report. The description is based on the following documents:

1. Regulation on the implementation of the European Economic Area Financial Mechanism 2009-2014, laying down the general rules governing the EEA Financial Mechanism 2009-2014.
2. Regulation on the implementation of the Norwegian Financial Mechanism 2009-2014, laying down the general rules governing the Norwegian Financial Mechanism 2009-2014.
3. Resolution of the Slovak Government No. 607/2010, by which the organisation support of the EEA and Norwegian Financial mechanism 09 - 14 was approved, designating the FP, CO, AA and national entity responsible for the preparation and submission of irregularities reports.
4. Resolution of the Slovak Government No. 726/2010, by which the Government of the Slovak Republic approved the proposal of the Memoranda of Understandings.
5. The Memoranda of Understandings and their revised version(s), by which the designated entities have been confirmed and Programme areas established.
6. Resolution of the Slovak Government No. 488/2011, by which the management system of the EEA and Norwegian Financial Mechanism 09-14 was approved, laying down the management and control systems applied in Slovakia in respect of the FMs.
7. Resolution of the Slovak Government No. 562/2011, by which the system of financing of the EEA and Norwegian Financial Mechanism 09-14 was approved, laying down the financial arrangements applied in Slovakia in respect of the FMs.

8. Internal manual of the FP, approved by the Head of the Government Office (head of the FP), laying down the personal competences and related audit trail within the FP tasks and structure.
9. Internal manual of the CA, approved by the Head of the CA, laying down the personal competences and related audit trail within the CA tasks and structure.
10. Act No. 502/2001 Coll. on Financial Control and Internal Audit and on Amendments to certain other acts as amended
11. Act No. 523/2004 Coll. On Budgetary Rules in Public Administration as amended
12. Internal manual of the AA, approved by the Head of Section of Audit and Control, laying down the personal competences and related audit trail within the AA tasks and structure
13. Internal manuals for Financial Control Administrations in Bratislava, Zvolen, Košice.

### **3.2 Compliance with EU legislation, national legislation and the MoU**

All Programmes have been prepared in line with the national and European legislation as well as the MoU. So far, we have not encountered any specific problems.

### **3.3 Status of Programmes**

#### **3.3.1 SK07: Green Industry Innovation**

Programme area:	Green Industry Innovation
Programme Operator:	National Focal Point - Office of the Government
DPP:	Innovation Norway
Allocation from NFM:	€ 14,628,000
CC meetings	6 December 2011
Programme progress:	The Programme proposal is in the final phase of preparation.

The topic of the Programme is to environmentally use the organic waste in the green energy production. Using innovative green technology to build environmentally friendly energy sources of regional significance, together with the synergic effect of the use of waste ensures greening of the energy sector, improves the competitiveness of green entrepreneurship and contributes to the creation of green jobs. The objective of the Programme is increased competitiveness of green enterprises, including greening of existing industries, green innovation and green entrepreneurship.

#### **Work plan 2012**

- Q1: Cooperation Committee meeting  
Approval of the Programme proposal at the national level  
Submission of the Programme proposal to the FMO  
Creation of the Programme web-pages
- Q2: Assessment of the Programme proposal by the donors

- Cooperation Committee meeting
- Q3 Approaching the scientific and research institutions  
Creation of social media Programme profile
- Q4 1<sup>st</sup> Call launching, closure and projects selection  
Information days  
Development of the Programme Communication Action Plan

### 3.3.2 SK08: Cross-border Cooperation

Programme area	Cross-boarder Cooperation
Programme Operator	National Focal Point - Office of the Government
DPP:	The Norwegian Barents Secretariat
Allocation from NFM:	€ 12 720 000
CC meetings	6/5/2011 and 19/9/2011
Programme progress:	The Programme proposal is in the final phase of preparation.

The main focus of the Programme is the Slovak-Ukrainian cooperation including focus on supporting people-to-people contacts and exchange of lessons learned, best practice of cross-border projects between Norway and Slovakia, as well as networking in Europe. The objective of the Programme of Cross-border cooperation with Ukraine is to strengthen cross-border cooperation between regions on both sides of the EU's external border.

### Work plan 2012

- Q1: Cooperation Committee meeting  
Approval of the Programme proposal at the national level  
Submission of the Programme proposal to the FMO  
Creation of the Programme web-pages
- Q2: Assessment of the Programme proposal by the donors  
Cooperation Committee meeting
- Q3 1<sup>st</sup> Call launching  
Information days  
Creation of social media Programme profile
- Q4 Closure of call and projects selection  
Development of the Programme Communication Action Plan

### 3.3.3 SK09: Domestic and Gender-based Violence

Programme area:	Domestic and Gender Based Violence
Programme Operator:	National Focal Point - Office of the Government
DPPs:	The Norwegian Directorate of Health The Council of Europe
Allocation from NFM:	€ 7 000 000
CC meeting:	20/5/2011

Programme progress: The Programme proposal is in the final phase of preparation.

The main challenges of this Programme area are institutional building of capacities of services (crisis centres, help line, shelters), systematic approach and coordination of all components of assistance to victims of violence in all regions of Slovakia, providing education for relevant professions and developing prevention strategies in working with the media, education system and the public. The Programme Operator has chosen 2 expected outcomes of the defined expected outcomes given in the Regulation on the Implementation of the Norwegian Financial Mechanism 2009 – 2014: gender-based violence reduced and domestic violence reduced.

### **Work plan 2012**

- Q1: Cooperation Committee meeting  
Approval of the Programme proposal at the national level  
Submission of the Programme proposal to the FMO via DORIS system  
Creation of the Programme web-pages
- Q2: Assessment of the Programme proposal by the donors  
Cooperation Committee meeting
- Q3 1<sup>st</sup> Call launching  
Information days  
Creation of social media Programme profile
- Q4 Closure of call and projects selection  
Development of the Programme Communication Action Plan

### **3.3.4 Global Fund for Decent Work**

The main focus of the Programme is to promote the decent work agenda, foster the tripartite dialogue between employers' organizations, trade unions and public authorities and increase the bilateral cooperation with Norwegian partners. By improving the dialogue the social partners in each country will contribute to sustainable economic and social development. Improved social dialogue and tripartite dialogue structure and enhanced understanding of the benefits of decent work are two expected outcomes of the Programme. The call was already launched in all beneficiary states on 20th October 2011. The Slovak FP has published the call on the FPs' website.

Meeting with the Fund Operator, Innovation Norway was held on 24/8/2011 in order to discuss the progress achieved in preparing the Programme, comments already submitted by the PFP on Rules and Procedures and possible cooperation between the FP and Fund Operator during the implementation of the Programme in the Slovak Republic.

The Programme proposal has already been approved by the donors.



### **3.3.5 Technical Assistance and bilateral relations funds**

The budget for the Technical Assistance fund and for the bilateral relations has been prepared during the reporting period of this Report. The FP, CA and the AA will be the beneficiaries of the Technical Assistance fund.

#### **Work plan 2012**

- Q1: Budget sent to the donors
- Q2: TA and bilateral fund agreement signed  
Agreement between the FP, CA and AA on the use of the technical assistance signed  
Internal guideline on the use of the technical assistance and bilateral fund issued  
Work plan and implementation set-up for the national bilateral fund sent to the donors
- Q3: Applicants invited to apply for the grants from the national bilateral fund  
First applications approved and activities implemented
- Q4: Application are continuously collected and approved

### **3.4 Irregularities**

No irregularities were identified during the reporting period of the Report.

### **3.5 Audit, monitoring, review and evaluation**

#### **3.5.1 Audit**

A Governmental audit A418 K2639 was carried out by the AA and the final report was discussed on 11/11/2011. The audit confirms that the implementation system fully complies with the Regulations and accepted accounting principles. The audit report, the opinion and the Detailed Description of Management and Control system were sent to the FMO on 15th November 2011.

#### **3.5.2 Monitoring**

According to the current set up, the Government Office carries out monitoring within its function as the FP as well as in cases where took the role of the PO. In order to ensure the separation of tasks, monitoring is conducted by task manager and financial manager other than those who are assigned to the Programme. Monitoring at the FP level is always managed by the manager for monitoring, reporting and evaluation.

As the FP will carry out monitoring also in the role of the PO, monitoring at the level of the FP will be limited to six monitoring throughout the whole implementation period. The

monitoring is supposed to have a mid-term character and to be conducted in 2013 and 2014.

The impartiality and independency of monitoring at the FP level is further ensured through the involvement of an internal and independent expert into the monitoring process. This expert was not involved in the monitoring at the level of the PO. A positive opinion to the monitoring report issued by the expert is required prior the report is considered approved.

The basic inputs of monitoring are the following:

1. Programme proposals, project applications, Programme agreements and other Interim Contentual Reports, IFRs and other documents submitted by the PO.
2. On the spot checks.
3. Questionnaire.
4. Interview with the PO, Project Promoters, Project and Programme partners and other public or private stakeholders.

The monitoring output is represented by the monitoring report that includes the comments of the body which was subject to the monitoring.

### **Monitoring Committee**

The Monitoring Committee was established within six months after signing the MoUs. The Statute and Rules of Procedures were prepared by the FP. The Statute was adopted on 28th April 2011 by the chairman of the MC, the Head of the GO. The MC has 17 members: state administration 10 members (Ministry of Finance, Ministry of Economy, Ministry of Education, Science, Research and Sport, Ministry of Culture, Ministry of Social Affairs and Family, Ministry of Foreign Affairs, Government Plenipotentiary for local government and integrated landscape management, Government Plenipotentiary for development of the civil society, Government Office – 2 members); regional and local authorities 3 members (Association of Self-government regions – SK8, The Union of Towns and Cities of Slovakia, Association of Towns and Municipalities of Slovakia); non-government and other institutions 3 members (1 representative of the NGO sector nominated by the Government Plenipotentiary for development of the civil society, Confederation of Trade Unions of SR, Federation of Employers` Associations of the SR); private sector 1 member (Entrepreneurs Association of Slovakia). The Rules of procedures will be adopted by the Monitoring Committee on its first meeting which should take place in May 2012.

### **3.5.3 Review**

In contrary to the monitoring, review will have more periodical character. The FP will carry out administrative review on all Interim Contentual Reports submitted by the POs, regardless whether the PO is the FP or not. In order to ensure the separation of tasks,

review is conducted by task manager and financial manager other than those who are assigned to the Programme.

The review is supposed to be conducted on the spot. Altogether six on-the-spot review will be carried out, besides the on-the-spot review conducted on Programmes where the FP is the PO.

### **3.5.4 Evaluation**

The evaluation will be outsourced to a company selected in a public procurement. When preparing the terms of reference, the FMO will be consulted.

## **3.6 Information and publicity**

Within area of information, communication and publicity the following measures have been implemented in the Period concerned:

1. The first phase of re-designing the website [www.eegrants.sk](http://www.eegrants.sk) was completed. The new graphic design is more modern and technically more user-friendly. The re-designed website divided the information between the previous and current programming period. The old version of the website can be found in the “Web-archive”.
2. The FP created a new web-domain [www.norwaygrants.sk](http://www.norwaygrants.sk) (the domain contains the same information as [www.eegrants.sk](http://www.eegrants.sk)) and published several announcements relating the activities carried out in the programming period 2009 – 2014. The system of recording the visiting rate of the websites has been introduced.
3. There have been 23990 website visits recorded since the MoU was signed in October 2010. Since the re-designed website has been launched, 5510 visits to the new website have been recorded (in the period from 6th October to 31st December).
4. The National Focal Point also provides a large number of answers on questions about support through FMs sent by public, potential applicants and others on the email address [eeagrants@vlada.gov.sk](mailto:eeagrants@vlada.gov.sk) or by phone.
5. The Focal Point has prepared the first version of Communication Strategy that was sent to the FMO on 4/11/2011.

## **3.7 Work plan**

### **3.7.1 General**

1. The Programme Operators shall continue in the development of the Programme Proposals which shall be submitted for the assessment to the Donors.

2. After the Programme Proposals has been approved by the Donors, the POs may start the implementation of Programmes.
3. The FP will carry out a public procurement in order to choose the PO for the Scholarship Programme.
4. Setting up the bilateral fund at the national level and the Technical assistance fund.

### **3.7.2 Documents**

The following guidelines are planned to be issued:

1. Guideline for Project Promoters, to be issued by the Focal Point;
2. Guideline on irregularities for all bodies involved in the management and control system, to be issued by the Focal Point in cooperation with the CA;
3. Guideline on financial arrangements, to be issued by the CA.

### **3.7.3 Information and publicity**

The following activities are planned to be carried out:

1. The Focal Point shall support higher efficiency, transparency and quality of NFM implementation through effective open communication;
2. The Focal Point shall publish all relevant information at websites with the aim of maximum public access to information, possibilities and maximum visibility of NFM;
3. The Focal Point shall promote bilateral relations and cooperation with the Donor States entities and advantages from this cooperation through effective communication;
4. The Focal Point will create web-pages for all Programmes implemented in Slovakia;
5. The Focal Point will proceed with second phase of re-building website;
6. The Focal Point will create the social media profile at Facebook;
7. The Focal Point will launch the information database and the reporting database;
8. The Focal Point plan the Launching conference, which should be held after the submission of all Programme Proposals to the FMO (in the 2Q – 3Q 2012).

## **3.8 Reserve for unforeseen developments**

In line with the Regulation, the Beneficiary State shall not later than 31 January 2013 submit to the donors a proposal on the allocation of the reserve, either in the form of a new Programme or as an addition to an existing Programme or Programmes.

The decision on the allocation of the reserve has not yet taken place. There are several options how to use the reserve. The solution to allocate the reserve to an existing Programme is being preferred so far.

## 4 REPORTING ON PROGRAMMES

As none of the Programmes has been approved yet, it is not relevant to complete this chapter.

## 5 SUMMARY LISTING OF ISSUES AND RECOMMENDATIONS

### 5.1 Recommendations

#### 5.1.1 General

In our opinion, the FMO and the Donors made valuable efforts to bring the results-based management in the Norway Grants. We think that the efforts were successful so far and we consider the upcoming period of implementation as a real testing period not only for the Regulation on the Implementation of the EEA Financial Mechanism, but also for the list of indicators.

The set-up of the indicators as well as how the donors and the FMO will be able to maintain the common level of indicators planning, measurement and evaluation will be the key factor in the efforts to get comparable data and in assessing the general contribution of the grants from a long term perspective.

It shall be also underlined that the first period of co-operation between the Programme Operators and the DPPs is coming to the end. The bilateral relations are one of the two pillars of the Norway Grants and we were happy to see how far the Programme Operators and the DPPs went in just such a limited amount of time. This creates also tremendous opportunity for how far they can go. From this point of view, we are pleased to note that the Norway Grants have been successful when linking together Slovak and Donors entities, and that this co-operation is showing fruitful so far.

#### 5.1.2 Transparency in the selection process

The FP will ensure that the selection process of applications submitted under the Programmes will be transparent. This will be done by using at least four measures:

1. In accordance with the Governmental Regulation no **488/2011**, to all applicants whose applications are going to be rejected due to the non-compliance with the administrative or eligibility criteria must be given the opportunity to ask the Programme Operator to review the decision. This review must be carried out by a person other than the person who issued the initial decision. The first meeting of the

- selection committee shall not take place before the deadline for the request for reviews has passed or before the last possible request for review was handled.
2. After the expert assessment is done, i.e. prior the results of the assessment are sent to the selection committee, the FP will carry out the control of this assessment. Only the following aspect of the assessment shall be controlled:
    - Mathematical correctness of the sum of points awarded and all other calculations;
    - Formal correctness of Scoreboards (e.g. signatures);
    - The correctness of the ranking;
    - Whether only the projects whose applicants are eligible applicants under the call were included in the ranking;
    - How were the expert selected and whether they met the requirements?
  3. Once the expert assessment is done and the ranking of applications is made, any changes in this ranking made by the selection committee or by the Programme Operator must be justified. This justification shall be supported by the assessment of the application, carried out by third, independent expert (other than those two who primarily assessed the application).
  4. If the FP is not the PO, the Programme shall be assessed by an independent expert(s). The conclusion of the expert(s) will be sent to the FMO together with the Programme proposal. At the Programme level, the transparency principle is further strengthened by the bilateral co-operation with the Donor Programme partners.

For the sake of transparency, the FP will create an additional mechanism, besides the one allowing lodging the complaints under the relevant law. This mechanism will be web-based. The purpose is to facilitate submission of any kind of inquiry to the FP.

The submitted inquiries are investigated by the FP and the Senior Manager issues the final decision on further steps to be done. If the submitter objects to the results of the investigation of the Senior Manager, the inquiry will be further investigated by the General Manager. Should the inquiry concern the FP, the General Manager will run the investigation.

### **5.1.3 Cost efficiency**

At the level of the FP, CA, AA, PO as well as the project level, the cost efficiency principle must be followed. General limits will be set by the FP for those costs categories where such limitation is appropriate, like the wages and salaries of the management team of the projects, accommodation during the domestic and foreign trips and so on.

For other costs, the cost efficiency shall be ensured by the assessment of costs before the project contract conclusion, through the procedures of the public procurement or where the contracting value is below the threshold, through the market survey.

## 5.2 Risks

The significant delay on the international level, which was caused by the late agreement on the allocations for the beneficiary states, and consequently, the late signature of the Agreement between the Kingdom of Norway and the European Union and Protocol 38b (July 2010) reduced the contracting period by 14 months. The Slovak Republic was the first beneficiary state which signed the MoU (October/November 2010). To overcome the above mentioned delay and to shorten the programming period with the aim to give the Programmes and to projects sufficient time for their implementation, the FP would like to submit Programmes for priority areas in February 2012.

The specific set up in Slovakia, where the FP is also the PO for 6 Programmes might lead to some risks. It is necessary to ensure that all tasks and responsibilities will be addressed, both for the FP as well as for the PO. The following scheme shows the structure of mutual relationships between the FP and the FP in the role of the Programme Operator. In certain cases, it is not possible to ensure the tasks division. This mainly happens when it is necessary or appropriate that a given task is performed by the statutory representative, i.e. the Head of the Government Office.

Tasks list	Responsible person The FP as the PO	Responsible person If the FP is not the PO
Programme Proposals Approval	Head of the GO	Head of the GO
Approval of the Detailed description of the management and control systems of the Programme Operator	General Manager	Senior Manager
Approval of the Internal manual of the Programme Operator	General Manager	Senior Manager
Calls Approval	-	Senior Manager
Interim Content Reports, APR and FPR approval	General Manager	Senior Manager
Monitoring done by the FP	expert	Monitoring, rep. and eval. manager
Dealing with irregularities not identified at the Programme level	General Manager	Senior Manager
Dealing with irregularities identified at the level of the FP	General Manager in cooperation with the Section of control and fight against corruption	
State Aid Scheme approval	-	Senior Manager

At the level of the FP, the following job positions exist with the main tasks assigned as follows:

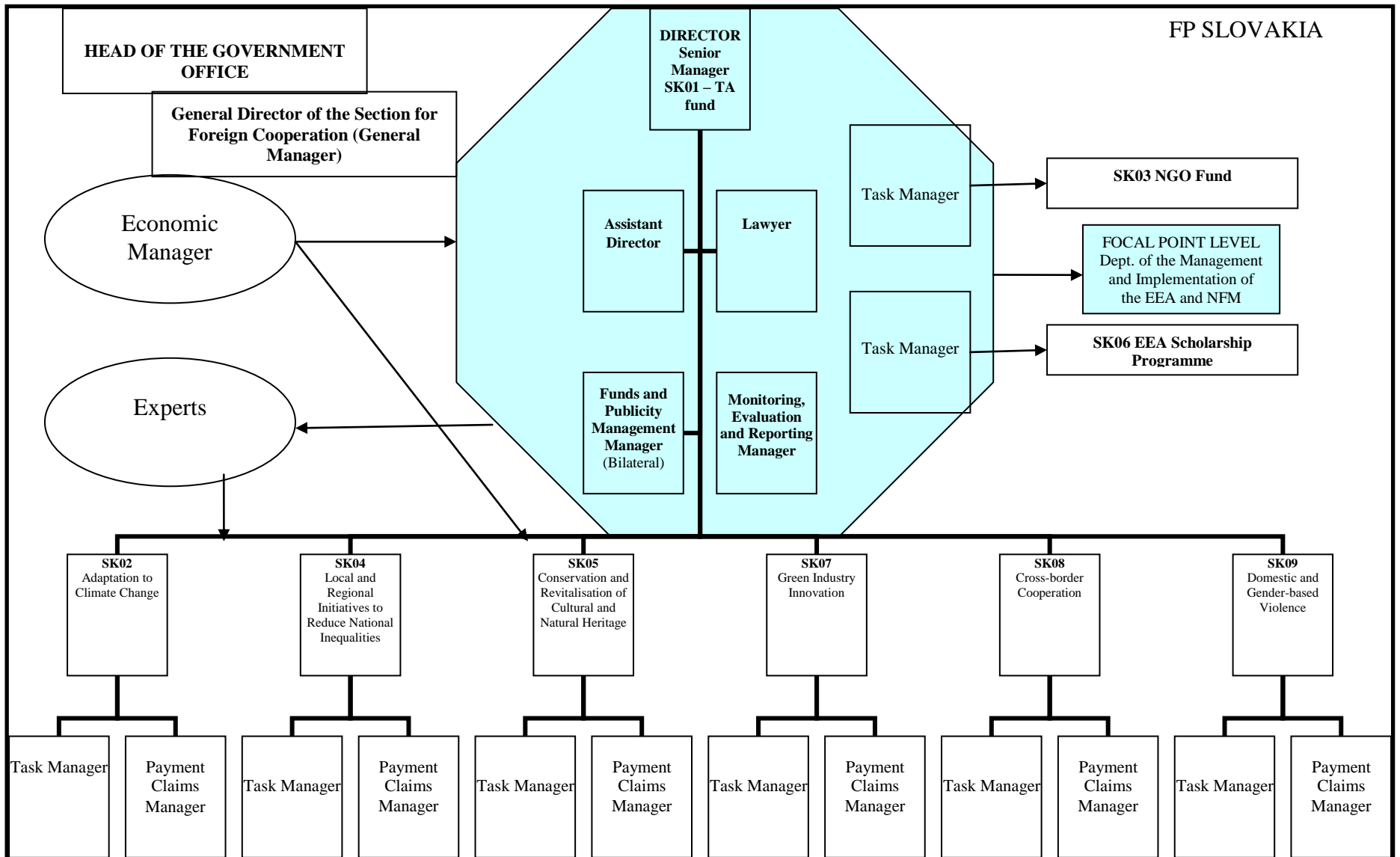
1. Head of the Government Office - represents the Focal Point in direct contact with the Ministry of Foreign Affairs, should the administrative level be appropriate to do so.

The Head also represents the FP in any situations requiring the participation of the statutory representative.

2. General Director - General Manager - fulfils tasks related to the programming at general level and acts as the secondary level in cases where the FP acts as the Programme Operator. The position of the General Director ensures the separation of functions.
3. Director - Senior Manager - is responsible for the day-to-day implementation of the FP's tasks at the National and Programmes level.
4. Lawyer – employee of the Department responsible for the verification of contracts and solving legal issues at the National and Programmes level.
5. Funds and Publicity Management Manager – responsible for publicity measures and responsible for the funds of Bilateral Fund at the National and Programmes level.
6. Monitoring, Evaluation and Reporting Manager – manages reporting, monitoring and evaluation at the National and Programmes level
7. Tasks Managers and Payment Claims Managers – manage the assigned Programmes (shall the FP be the PO) or control the assigned Programmes

The organisation structure of the FP is shown in the following scheme. The number of cells does not necessarily represent the number of employees.





### **5.3 Results Based Management**

The principle of the RBM was approved by the Government in the Resolution no 488/2011. Monitoring and review are essential tools for RBM. The basic assumptions of RBM are the responsibility of all stakeholders, a gradual learning process and the related feedback. The practical implication of the RBM implementation in the management and control systems is a prerequisite to the high proficiency of all stakeholders so as to be able to manage the process to eliminate the adverse effects that could undermine efforts to achieve the outcomes and objectives.

The inputs of the RBM are clearly defined objectives and outcomes of the project / Programme and maintenance and updating the reporting database that provides accurate data on the achievement of these objectives and outputs at each stage of implementation.

Increased emphasis on the feasibility of the objectives and outcomes must be placed in evaluating project applications and reviewing Programme proposals. Monitoring and review has to detect signals of any adverse effects to allow for modification of results and activities in due time, so that objectives and outcomes can be achieved. This means that the body carrying out monitoring and review must be knowledgeable enough to propose and adopt changes in cooperation with the PO, Project Promoter and other stakeholders that will lead to achieving the objectives and outcomes.

### **5.4 Reduction of heavy administrative rules:**

In order to allow for focusing on the results, the responsibility for the eligibility of expenses must primarily lie with the entity by which these expenses incurred. Resolution no 488/2011 lays down the necessary percentage of expenses that has to be checked.

The administrative control of expenses, i.e. the desk control, must be carried out on all expenses. The Project Promoter submits to the Programme Operator just the list of expenses incurred. No accounting documents are being sent to the Programme Operator. The list of expenses includes wider range of information related to the specific expenses, e.g. the amount claimed, the date of payment, the date of delivery, brief reasoning of the expenses, and assignment to certain cost category in accordance with the approved budget and the like.

Besides the desk control, the Programme Operator is obliged to carry out on the spot checks. Before the IFR is certified by the CA, the PO has to prove that at least 15% of the amount of expenses declared in the IFR has been checked on the spot. As the IFR includes only payments to projects and not the expenses incurred at the project level, the limit of 15% of expenses declared in the IFR is used just for the calculation of the amount of expenses incurred at the project level that has to be checked on the spot before the IFR is approved by the CA.

This system brings two benefits. First, the Programme Operator is allowed to execute on the spot checks continuously, even before the IFR is generated by the FMO. The overall amount checked on the spot is calculated as a surplus of all expenses checked on the spot during the reporting period. The second benefit is that the 15% limit is relatively high, bearing in mind that the calculation of the amount to-be-verified is based on payments to project. Even though it is impossible to predict the exact percentage of expenses checked on the spot, we may assume that this percentage can exceed 50% of all expenses incurred at the project level. Third implication might be slightly negative, meaning that there could be a case where the total amount of expenses incurred at the project level (and accounted for in the Project Interim Report) is lower than the threshold of 15% of the payments to projects provided. However, if this would be the case, the need for a following payment is at least questionable.

## 6 LIST OF ABBREVIATIONS

AA	Audit Authority
CA	Certifying Authority
DPP	Donor Program Partner
NFM	Norwegian Financial Mechanisms
FMO	Financial Mechanism Office
GO	Government Office
FP	National Focal Point
MC	Monitoring Committee
MoU	Memorandum of Understanding
NFM	Norwegian Financial Mechanisms
PO	Program Operator