



Third Annual Report

**on the implementation of the EEA Financial Mechanism
in the Slovak Republic in the period 1.1.2007 to 31.12.2007**

approved by the National Monitoring Committee
for the EEA Financial Mechanism and the Norwegian Financial Mechanism
on 28 January 2008



National Focal Point
Government Office of the Slovak Republic

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List of abbreviations used

NFP	National Focal Point
GO SR	Slovak Republic Government Office
FMO	Financial Mechanism Office
FMC	Financial Mechanism Committee
PA	Paying Authority
MF SR	Ministry of Finance of the Slovak Republic
NMC	National Monitoring Committee for the EEA Financial Mechanism and the Norwegian Financial Mechanism
AC	Assessment Commission
IP	Individual Project
BG	Block Grant
EEA	European Economic Area
EEA FM	Financial Mechanism of the European Economic Area
ISUF	Funds accounting information system
HTU	Higher Territorial Unit
FAQ	Frequently Asked Questions
MoU	Memorandum of Understanding
EC	European Community
Call 0105	Call for intermediaries for the NGO Fund
Call 0205	Call for intermediaries for the Science and Research Support Fund
Call 0305	Call for an intermediary for the Fund for the Support of Cooperation between Schools/Scholarships
Call 0405	Call for individual projects for applicants from the public and NGO sectors
Call 0507	Call for proposals for grants from the Seed Money Fund for the preparation of individual projects for applicants from the public and NGO sectors
Call 0607	Call for applications for grants from the Norwegian Financial Mechanism and the EEA Financial Mechanism for individual projects applicants from the private sector
Call 0708	Planned call for applications for grants for individual projects from the public and NGO sectors

Introduction

This Annual Report is presented in accordance with article 5 of the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism.

It covers the period from 1 January 2007 to 31 December 2007.

The first Annual Report covered the period from the preparation of the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism to 31 January 2006.

The Second Annual report covered the period from 1 February 2006 to 31 December 2006.

The Annual Report has been prepared and presented by the National Focal Point for the EEA Financial Mechanism and the Norwegian Financial Mechanism – the Government Office of the Slovak Republic – for the eighth meeting of the National Monitoring Committee for the EEA Financial Mechanism and the Norwegian Financial Mechanism. After its discussion and approval by the National Monitoring Committee for the EEA Financial Mechanism and the Norwegian Financial Mechanism, it will be submitted to the Annual Meeting with donor representatives, the Financial Mechanism Committee and the Financial Mechanism Office.

The main objective of the Annual Report is to provide information on progress achieved in the implementation of the EEA Financial Mechanism in Slovakia in 2007, including its financial management.

1 The second Annual Meeting

The second Annual Meeting was held in accordance with Article 5 of the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism. The main objective of the Annual Meeting was to discuss the second Annual Report on the Implementation of the EEA Financial Mechanism, which was presented by the NFP after approval by the NMC on 22 January 2007. The meeting also discussed open issues relating to the implementation of the EEA Financial Mechanism in Slovakia.

The second Annual Meeting was attended by representatives of the Norwegian Ministry of Foreign Affairs, the Financial Mechanism Committee, the Financial Mechanism Office, the Paying Authority – the Ministry of Finance of the Slovak Republic and the National Focal Point – the Government Office of the Slovak Republic.

The conclusions can be summarized in the following points:

A. Complaints received and dealt with in relation to exclusion at the stage of checking for administrative compliance, and reduction in their number

The NFP promised that new document governing implementation management in the EEA FM would change the method used to exclude grant applications. For this reason the exclusion of applications that do not fully satisfy administrative requirements (after any request for completion of incomplete parts) will be based on a decision of the relevant assessment commission.

Such a system should maximise transparency in the system for the assessment of submitted grant applications and minimise the number of complaints made in relation to the procedure of the assessment commissions.

B. Calls under Annex C of the Memorandum of Understanding

The NFP was asked to publish the calls planned for 2007 as soon as possible. Both in cooperation with the Intermediaries approved by donors in the context of their block grants and also the call for the Seed Money Fund. The NFP was also asked to prepare a call for projects for the Science and Research Support Fund and the Fund for Support of Cooperation between Schools/Scholarships.

C. Changes in the management of implementation of the EEA Financial Mechanism

The NFP will adopt new rules for the implementation of the EEA FM under the title Rules for the Implementation of the EEA Financial Mechanism and the Norwegian Financial Mechanism. The new rules will take into consideration experience acquired in the implementation of the EEA FM.

D. Publicity

The NFP was asked to ensure regular publication of up-to-date information on progress in the implementation of the EEA FM, in particular with regard to the publication of basic documents, rules and manuals, the statutes and rules of procedure of the assessment commissions and also basic information on projects approved by donors.

2 Meetings of the NMC

In 2007 two meetings of the NMC took place, in accordance with the statutes of the NMC.

2.1 Sixth NMC meeting

The sixth NMC meeting took place in Bratislava on 22 January 2007.

The main item of the agenda was approval of the "Second Annual Report on the Implementation of the EEA Financial Mechanism in the Slovak Republic" and the "Second Annual Report on the Implementation of the Norwegian Financial Mechanism in the Slovak Republic". The Annual Report (the second in order) covers the period from 1 January 2006 to 31 December 2006. The approved Annual Report was discussed at the Annual Meeting with donors, which took place on 26 February 2007 in Bratislava.

2.2 Seventh NMC meeting

The seventh NMC meeting took place in Bratislava on 25 June 2007.

The National Monitoring Committee received information on the state of implementation, primarily through information for members of the NMC on the conclusions of the Annual Meeting with representatives of donors and the FMO.

At this meeting the National Monitoring Committee approved Amendment no. 3 of the Statutes of the National Monitoring Committee for the EEA Financial Mechanism and the Norwegian Financial Mechanism and Amendment no. 2 of the Rules of Procedure of the National Monitoring Committee for the EEA Financial Mechanism and the Norwegian Financial Mechanism. These amendments cancelled the existing Statutes and Rules of Procedure of the NMC with effect from 30 June 2007. Thereafter the NMC approved the new Rules of Procedure of the National Monitoring Committee for the EEA Financial Mechanism and the Norwegian Financial Mechanism incorporating recommended changes, which came into effect on 1 July 2007. The NMC also adopted a resolution taking note of the Statutes of the National Monitoring Committee for the EEA Financial Mechanism and the Norwegian Financial Mechanism approved by the Deputy Prime Minister for Knowledge-based Society, European Affairs, Human Rights and Minorities of the Slovak Republic with effect from 1 July 2007. The need for updating arose from SR Government Resolution no. 262/2007. The aim was to harmonise these documents with the rules that had previously been adopted for procedure in individual meetings. The objective was to clearly define periods, procedures, voting methods and the method for adopting resolutions. A number of lessons from practical experience were incorporated, especially into the Rules of Procedure of the NMC.

In another resolution, the NMC took note of the Statutes and Rules of Procedure for assessment commissions for the assessment of grant applications relating to an individual project for applicants for the private sector within the EEA Financial Mechanism and the Norwegian Financial Mechanism, and the Statutes and Rules of Procedure of assessment commissions for the assessment of applications for project preparation grants from the Seed Money Fund within the EEA Financial Mechanism and the Norwegian Financial Mechanism.

All the approved documents were published on the website www.eeagrants.sk.

3 Implementation of the EEA Financial Mechanism

Based on the experience of implementing the EEA FM it was decided that the successful future operation of the financial mechanism required the preparation and adoption of a new national legislative framework redefining and amending the tasks carried out by the NFP in managing and ensuring progress in the implementation of the EEA FM. In addition to the stated methodological obligations, the NFP also carried out its regular duties based on the state of implementation of the EEA FM.

The following list outlines the main tasks of the NFP in 2007:

- Prepare national implementation contracts with block grant intermediaries based on the grant agreements with donors
- Open calls, in cooperation with the intermediaries for the NGO Fund, for final beneficiaries to submit grant applications to the said intermediaries;
- Prepare and adopt, in cooperation with the MF SR, Rules for the Implementation of the EEA Financial Mechanism and the Norwegian Financial Mechanism as a basic national-level document, providing for their implementation;
- Prepare national implementation contracts for individual projects based on the grant agreements with donors.
- Open a call for applications for grants for the preparation of individual projects for applicants in the public sector and NGOs from the Seed Money Fund;
- Assess the call for applications for grants from the Seed Money Fund for the preparation of individual projects by applicants in the public sector and NGOs;
- Open a call for applications for individual project grants from the Norwegian Financial Mechanism and the EEA Financial Mechanism for applicants from the private sector

3.1 Rules for the implementation of the EEA Financial Mechanism and the Norwegian Financial Mechanism

On 14 March 2007 Government Resolution no. 262/2007, Rules for the Implementation of the EEA Financial Mechanism and the Norwegian Financial Mechanism (hereinafter referred to as "the Government Resolution") has been approved. The Government Resolution replaced the earlier Government Resolutions no. 725/2005 and 948/2005 and cancelled point C of Resolution no. 1002/2004.

The new Government Resolution introduced changes in the process for the assessment of administrative compliance and the eligibility of the applicant and the application, the provision of information during assessment, the means of maximising use of the committed funds, and changes in the area of financial management to ensure the advance payment of funds from the state budget.

Three principles of the administrative compliance check were changed:

- the first is that the criteria for compliance with administrative conditions have been divided into two groups: remediable administrative deficiencies and administrative deficiencies constituting grounds for automatic rejection of the application,

- another change is the fact that applicants will no longer have 10 working days with the possibility of an extension of a further 10 working days to correct remediable administrative deficiencies but will have only 5 working days with no possibility of extending this period. After checking of administrative compliance and checking of the eligibility of the applicant and the application, the results are sent to the relevant assessment commission. The Assessment Commission shall decide whether to exclude the submitted documentation from further assessment or allow the application to proceed for further assessment. Applicants whose applications were rejected for failure to comply with the criteria of administrative compliance or eligibility will be informed of this no later than 15 working days after such a decision is made.
- another change relates to the powers and responsibilities of the National Monitoring Committee and its objective is to ensure the contracting of the highest percentage of the committed financial resources through the creation of a general reserve list.

In the area of financial management, the new Government resolution introduced the following changes:

- the national currency will be used for the transfer and payment of grants at a national level, i.e. for payments between the Paying Authority, the intermediary and the final beneficiary, and also between the Paying Authority and the final beneficiary.
- payments to intermediaries will be in the form of advance payments from pre-financing funds for EEA FM / NFM from from the state budget with co-financing from the state budget in the appropriate ratio for block grants, which is up to 40% of total eligible costs without regard to the period for the implementation of the block grant,
- the advance payments will also be paid to final beneficiaries after the signing of the national implementation contracts that implement non-investment projects, up to a level of 40% of the total eligible costs, without regard to the period for the implementation of the project or a subproject covered by a block grant,
- investment projects will be covered by a pre-financing system,
- expenditures in the case of private sector applicants will be pre-paid first from the state budget in the form of refunding and only later requested from the FMO. The second option for such final beneficiaries is to apply for an advance payment directly from the FMO,, which is up to 10% of total eligible costs.

3.2 Complaints relating to Call 0405

443 individual project applications were submitted within Call 0405, of which a total of 44 applications were recommend for further assessment by the Financial Mechanism Office. After the completion of the application process, all applicants were informed of the result of the assessment of their application in terms of the overall ranking it achieved or whether their application was rejected from the assessment process during the check of administrative compliance within Call 0405. Out of a total of 387 unsuccessful applications, 44 complaints were delivered to the NFP relating to rejection from assessment or the non-recommendation for FMO assessment of applications. The NFP reviewed all the submitted complaints and provided the complainants with written reports of the review of their complaints within the period stipulated by law. After assessing the complaints, the NFP declared that all the submitted complaints were unjustified.

3.3 Agreement on cooperation between the GO SR and the MF SR on the financial management of the EEA Financial Mechanism and the Norwegian Financial Mechanism

As a result of the adoption of the new Government Resolution and the need to update the situation in response to experience of the implementation of the EEA FM, the NFP and the PA entered into a cooperation agreement, which was signed by the Minister of Finance of the Slovak Republic on 6 November 2007 and by the Head of the Government Office of the Slovak Republic on 13 November 2007. The purpose of the cooperation agreement is to regulate joint procedures and schedules and the definition of the tasks and duties of the NFP and the PA, the issuing of guidelines and the granting of exceptions in relation to the implementation of financial mechanisms.

3.4 Guidelines of the NFP and the PA

Under the Government Resolution, one of the duties of the Government Office of the Slovak Republic as the National Focal Point for the EEA Financial Mechanism and the Norwegian Financial Mechanism is to issue guidelines on the management of the financial mechanisms in cooperation with the paying authority, i.e. the Ministry of Finance of the Slovak Republic. The NFP issued one such guideline document during the year.

The Ministry of Finance of the Slovak Republic issued five such guideline documents under the Government Resolution in 2007 in cooperation with the NFP and updated 1 guideline document. These documents supplemented the Government Resolution in relation to the financial management of the EEA Financial Mechanism and the Norwegian Financial Mechanism.

A list of the guidelines issued to date by the NFP and the PA is given in Annex no. 1.

For the purposes of compatibility with the Government Resolution, FMO regulations and the real needs of implementation of the NFM, the NFP and the PA authorised 5 exceptions from the Government Resolution. A list of the exceptions is given in Annex no. 2.

In 2007, the NFP, the PA and the FMO provided training for intermediaries (March and June 2007) and for final beneficiaries (December 2007).

3.5 Donor approval of the projects of previously published calls

As at 31 December 2007, after the completion of assessment of calls 0105, 0205, 0305 and 0405 at a national level, at total of 7 block grant applications and 38 individual project applications were sent for assessment to the Financial Mechanism Office. The situation with regard to these on 31 December 2007 was:

- 7 block grants had been approved,
- 26 individual projects had been approved,
- 5 individual projects had been rejected
- a decision had not yet been taken on 7 individual projects

Annex no. 3 gives a percentage chart of the success of the individual projects submitted to donors for approval.

3.6 Conclusion of national implementation contracts with intermediaries and final beneficiaries

After receiving the first Grant Agreements signed by the representatives of the donors and the Deputy Prime Minister for Knowledge-based Society, European Affairs, Human Rights and Minorities of the Slovak Republic, the NFP began to transpose their provisions into national implementation contracts with the approved final beneficiaries and intermediaries.

22 national implementation contracts were signed in relation to calls 0105, 0205, 0305 and 0405 with intermediaries and final beneficiaries in 2007, which represents contractual allocation amounting to EUR 14 289 173 from the EEA Financial Mechanism and the Norwegian Financial Mechanism (21% of the total allocation for Slovakia) and EUR 2 521 619 from the contribution of the Slovak Republic intended to co-finance approved projects.

Annex no. 4 lists the projects approved at a national level and summarises the situation regarding approval at the donor level.

3.6.1 Readiness of the PA to release funds

As at 31.12.2007 the MF SR had SKK 195,634,765.45 on its non budgetary accounts comprising funds pre-paid under the EEA FM and SKK 49,057,370 in co-financing. The Paying Authority is ready to begin payments under the EEA FM and the NFM using the total funds of SKK 545,802,279.20.

3.7 Implementation of approved block grants

As at 31 December 2007, the EEA Financial Mechanism Committee and the Norwegian Ministry of Foreign Affairs had approved 6 applications with a total value of EUR 9 280 920 (of which EUR 4 640 460 came from the EEA FM) and the Financial Mechanism Committee had approved 1 application individually with a total value of EUR 826 000. A list of the approved block grants is given in Annex no. 4.

3.7.1 The NGO fund

The intermediaries for individual block grants within the NGO Fund were approved by the EEA Financial Mechanism Committee (hereinafter referred to as "the FMC") in the following order:

- the Socia Foundation, as the intermediary for the block grant for social issues, on 16 January 2007,
- the Ekopolis Foundation, as the intermediary for the block grant for sustainable development, on 16 January 2007,
- the Open Society Foundation as the intermediary for the block grant for human rights on 19 January 2007.

On 27 March 2007 a conference on the NGO Fund, "Partnership and Responsibility", took place, organised by the Norwegian Ministry of Foreign Affairs, the block grant intermediaries for this Fund and the NFP. The aim of the conference, which was attended by approximately 180 participants, was to inform potential applicants from NGOs of the availability of such grants and the possibility to make contact with participating organisations from Norway.

The grant agreements concluded between the donor countries, i.e. the Kingdom of Norway, the Republic of Iceland and the Principality of Liechtenstein, and the Slovak Republic, relating to these intermediaries were signed by the Deputy Prime Minister for Knowledge-based Society, European Affairs, Human Rights and Minorities of the Slovak Republic on 1 June 2007.

The NFP in cooperation with the PA then began preparation of national implementation contracts.

On completion of the administrative and legal procedures for the preparation of the national implementation contracts, these contracts were signed by the NFP and the intermediaries as follows:

- on 27 September 2007 with the Ekopolis Foundation,
- on 26 October with the Socia Foundation,
- on 30 October 2007 with the Open Society Foundation.

The intermediaries then jointly opened calls for their Block Grants from the NGO Fund on 23 November 2007 with the following differences:

- The Socia Foundation announced its first call with an allocation of EUR 800 000 and the closing date 31 January 2008,
- The Ekopolis Foundation announced its first call with an allocation of EUR 700 000 and the closing date 29 February 2008,
- The Open Society Foundation announced its first call with an allocation of EUR 794 118 and the closing date 4 February 2008,

3.7.2 Other block grants

3.7.2.1 The block grant for research

On 16 January 2007 the FMC approved the Slovak Academy of Sciences as the intermediary of for the research block grant. The grant agreement with donors was signed on 11 July 2007. It is expected that the national implementation contract will be signed in January 2008. The call is expected to be opened in Q1 2008.

3.7.2.2 Fund for Support of Cooperation between Schools/Scholarships

The FMC approved SAIA, n.o. as the intermediary for the Fund for Support of Cooperation between Schools/Scholarships on 21 June 2007. The grant agreement with donors was signed on 27 August 2007. The national implementation contract with the intermediary was signed on 31 October 2007. The intermediary opened its first call on 14 December 2007 with an allocation of EUR 725 000 and a closing date of 31 March 2008.

3.7.2.3 Block grant for the reconstruction of public lighting

Based on discussion between the NFP and the FMO on a so-called additional block grant under Annex B of the MoU in the priority area Sustainable Development, the NFP sent an application to the FMO on behalf of the Slovak Innovation and Slovak Innovation and Energy Agency (hereinafter referred to as "the SIEA") on 7 February 2007.

The FMO approved the application in 2007 and on 18 October 2007 the Financial Mechanism Committee and the Norwegian Ministry of Foreign Affairs decided, based on this approval, to approve the proposed block grant. The intermediary plans to begin implementation of the block grant in January 2008 and a Grant Agreement is currently being prepared by the donors and the NFP.

3.8 Call for applications for grants from the Seed Money Fund for the preparation of individual projects by applicants in the public sector and NGOs

The NFP sent a proposal for to act as the intermediary for the Seed Money Fund on 9 October 2006. The FMO approved the application on 6 June and on 2 July 2007 the Financial Mechanism Committee signed the Grant Agreement. The Government Office of the Slovak Republic signed the Grant Agreement on 11 July 2007.

A call for applications for grants from the Seed Money Fund for the preparation of individual projects by applicants in the public sector and NGOs, code 0507, was opened by the NFP on 17 July 2007. 17 September 2007 was set as the closing date for applications responding to Call 0507. The NFP received 314 applications for grants for the preparation of individual projects by this date.

The submitted applications are listed in Annex no. 5.

3.8.1 Application assessment process – assessment commissions

Before the start of the assessment process for Call 0507 for applications for grants from the Seed Money Fund for the preparation of individual projects by applicants in the public sector and NGOs, the Deputy Prime Minister for Knowledge-based Society, European Affairs, Human Rights and Minorities of the Slovak Republic approved the following:

- The Statute of the EEA Financial Mechanism and the Norwegian Financial Mechanism Assessment Commission for the Applications of Final Beneficiaries under Call 0507; and
- The Rules of Procedure of the EEA Financial Mechanism and the Norwegian Financial Mechanism Assessment Commission for the Applications of Final Beneficiaries under Call 0507.

After the closing date for applications, the NFP entered the applications in the ISUF and sent the applicants confirmation of the registration of their application. The applications were then checked for administrative compliance. Applications that did not satisfy administrative conditions were assessed under the new Government Resolution on whether a request for additional information could correct the deficiencies in the submitted applications.

If the administrative condition of the application was deemed to be remediable, the applicant was asked to correct the deficiencies. If the administrative condition of the application was deemed to be irremediable, the application was submitted to the assessment commission for a decision on exclusion of the application from further assessment.

Annex no. 5a gives a summary of the number of applications submitted:

- from each region,
- in each priority sector, and
- in cooperation with partners.

After the closing date for the correction of deficiencies, checking for administrative compliance was repeated. If the application again failed to satisfy the conditions of administrative compliance, the application was submitted to the assessment commission for a decision on exclusion of the application from further assessment. The check for administrative compliance was carried out by the NFP. The assessment commission subsequently verified the results of the check for administrative compliance carried out by the NFP.

Applications that met the conditions for administrative compliance were then checked for the eligibility of the applicant and the application. This check was carried out by the NFP and an external assessor. If an application was judged to be ineligible (or the applicant was judged to be ineligible), it was not sent to the commission for further assessment because the commission had decided for its exclusion.

Applications that passed the check for administrative compliance and the check for eligibility of the applicant and the application (listed in Annex no. 6) were presented to the kick-off meeting of the relevant assessment commission and the projects were distributed to assessors with relevant substantive expertise. Applications were assigned for assessment to:

- a) a representative of the relevant ministry,
- b) a representative of the external assessor,
- c) where an application was submitted by a ministry with substantive responsibility for the relevant area, or an entity directly controlled by the relevant ministry, such an application was assessed by another expert.

The assessment commissions were created for the assessment of eligible applications – one for each eligible priority sector. The number of applications assessed in each area were:

- priority area Environmental Protection – 150 applications,
- priority area Health and childcare – 78 applications,
- priority area research – 16 applications.

The assessors submitted a verbal expert opinion and a point score by an agreed closing date prior to the next meeting of the assessment commission. The assessment contained not only the scores awarded but also a verbal reasoned account. These formed the basis for the preparation of the proposal of the collective opinion on the assessed applications.

The final ranking of applications was determined by the number of points awarded.

The commission also recommended the approval co-financing from the state budget and the applicants own resources for applications that it recommended.

The minutes of the meetings of the assessment commissions were signed by all the commission members at their last meeting as proof of consensus agreement with the meeting and its resolutions.

The NFP published up-to-date information on the dates of meetings of the individual assessment commissions on the official website www.eegrants.sk.

3.8.2 Requests for review of the reasons for decisions to exclude applications from assessment

In response to the 70 rejection letters sent in relation to applications that failed to satisfy the conditions for administrative compliance, the NFP received 26 requests to review the reasons for rejection of an application. On review, 23 requests for review of assessment were found to be unjustified and 3 were found to be justified. The stated 3 grant applications were sent for full assessment by the relevant assessment commissions.

3.8.3 Conclusion of assessment

After the meetings of the individual assessment commissions, the assessment process for applications submitted in response to Call 0507 was concluded.

After the conclusion of the assessment process, a list of all the assessed applications was compiled based on the point score (from the projects with the highest point score to the lowest point score in assessment) for all the priority sectors, from which the director general of the section for the implementation of foreign financial assistance approved the first 23 applications with a total value of EUR 341 073 (the maximum amount that could be allocated under Call 0507 was EUR 341 941). All the assessed applicants were informed in writing of the conclusion and the results of the assessment process.

The list of approved applications is given in Annex no. 7.

From the allocation intended for Call 0507, a sum of EUR 868 was not contracted as a result of the difference between the total amounts requested in applications and the allocation for Call 0507. This amount will be added to the allocation for the call for applications for the provision of individual project grants for applicants in the public sector and NGOs that the NFP will open in 2008.

3.9 Implementation of the approved individual projects

The time necessary for the assessment of projects and the preparation of grant agreements with donors and national implementation contracts meant that the start of the implementation of approved projects was delayed in the year. As at 31 December 2007, two applications for payment from the EEA FM, the Norwegian financial mechanism and the SR state budget to final beneficiaries had been received: one from the town of Myjava (SK0028), amounting to EUR 42,103.70, and the other from the town of Trenčín (SK0038), amounting to EUR 97,505. The applicants will be paid the funds in the approved amount in Q1 2008.

3.10 Call for applications for individual project grants from the Norwegian Financial Mechanism and the EEA Financial Mechanism by applicants from the private sector

The call for applications for individual project grants from the Norwegian Financial Mechanism and the EEA Financial Mechanism for applicants from the private sector, code 0607, was opened by the National Focal Point on 19 November 2007. 21 January 2008 was set as the closing date for applications responding to Call 0607. As at 31 December 2007, the NFP had received and responded to 38 e-mail requests for information on Call 0607.

3.11 The Technical Assistance Fund for the Implementation of the Financial Mechanisms

In order to allow payments to the NFP and the PA from the Technical Assistance Fund, a Partnership Agreement was prepared relating to the individual project SK0001 "Technical Assistance Fund" financed by the EEA Financial Mechanism, the Norwegian Financial Mechanism and the state budget of the Slovak Republic. This agreement prepared in accordance with Exception no. 1 of the SR MF of 10 May 2007 was signed by the Minister of Finance of the Slovak Republic on 6 November 2007 and by the head of the Government Office of the Slovak Republic on 13 November 2007.

During the implementation of the individual project for the Technical Assistance Fund, the NFP approved the first two Interim Reports on the project which it completed in cooperation with the PA and returned to the FMO. The first Interim Report on the project was set to the FMO on 22 August 2007. The second Interim Report on the project was set to the FMO on 17 December 2007.

As at 31 December 2007, the Technical Assistance Fund for the Implementation of the EEA FM and the Norwegian Financial Mechanism had paid out EUR 147 408.98 from the total allocation of EUR 1 488 725. Payments were used, for example, to cover the cost of the translation of materials, the organisation of information seminars, advertising in the media and the contractual external assessor of submitted applications.

3.12 Summary

The time necessary for the assessment of projects and the preparation of grant agreements with donors and national grant agreements meant that the start of the implementation of approved projects was delayed in 2007.

During the implementation of the EEA FM in 2007, the NFP focussed primarily on the preparation of the national legal framework and national grant agreements, which had to be prepared in accordance with the grant agreements with donors and national legislation.

Despite the difficulties of these tasks relating to the methodology of management of the EEA FM, the NFP managed to prepare and issue two separate open calls and is currently preparing Call 0708 for individual projects of applicants in the public sector and NGOs. At the same time as the above activities, the NFP also managed the assessment of projects submitted in

response to Call 0507 and is currently providing information by e-mail and telephone and through seminars to final beneficiaries in relation to Call 0607.

At the same time as all the stated cross-cutting tasks, the NFP cooperated closely with the block grant intermediaries for the NGO Fund and the intermediaries for the other block grants, in preparing their internal manuals and the calls that the intermediaries opened in 2007 or prepared for opening in 2008.

4 Audit of the National Focal Point

4.1 Audit by the Supreme Audit Office of the Slovak Republic

Under Authorisation no. 1374 of the Supreme Audit Office of the Slovak Republic of 30 January 2007, auditors of the Supreme Audit Office of the Slovak Republic carried out an audit, on the premises of the NFP, of management of the funds disbursed from the EEA Financial Mechanism for the implementation of selected projects. The audit took place from 26 February 2007 to 20 April 2007.

The report on the results of the inspection of the use of funds disbursed from the EEA FM and the NFM for the implementation of selected projects was discussed with the head of the Government Office of the Slovak Republic on 10 May 2007 and did not identify any serious breaches of applicable regulations and procedures.

4.2 Audit by the internal auditor of the Government Office of the Slovak Republic

Under authorisation of the Head of the Government Office of the Slovak Republic the internal auditor of the Government Office of the Slovak Republic carried out two audits of the NFP.

The first audit was carried out in June and July 2007 and focussed on a system audit, the assessment system, the financial control system and the records and archives system. The audit reported conformity and compliance with all relevant regulations.

The second audit began in the premises of the NFP on 10 December 2007 and is focussed on compliance with the procedures stipulated by national legislation and FMO rules for the implementation of the EEA FM and the NFM.

5 Compliance with EC policy

5.1 Compliance with EC legislation

In the period covered by this Annual Report, the NFP did not carry out any public procurement or other activities relevant to compliance with EC legislation. The NFP does not anticipate any legislative difficulties relating to public procurement rules in the coming period. The NFP also requires applicants to adhere to the procedures stipulated in law.

With regard to the open Call 0607 for private sector applicants and with regard to the rules for state aid adopted by the National Council of the Slovak Republic and the European Commission, the NFP developed a state aid scheme for small and medium enterprises within the context of a block exception. This scheme establishes procedures for providing grants to final beneficiaries in the private sector in accordance with set legislative regulations.

5.2 Compliance in cross-cutting issues

The NFP complies with and supports the implementation of all cross-cutting issues and policies defined by the EC and the FMO. The NFP also requires compliance with and support for the implementation of issues and policies defined by the EC and the FMO on the part of applicants, which is reflected in the relevant assessment criteria for the assessment of applications.

6 Management of the implementation of the EEA FM

In the period covered by this Annual Report, both the NFP and the PA underwent a number of organisational changes.

The department with responsibility for the implementation of the EEA Financial Mechanism in the NFP was the Department for Coordination of Pre-accession Funds and Bilateral Cooperation, which was renamed the Department for the Management and Implementation of Financial Mechanisms in changes to the organisational regulations of the SR Government Office which entered into effect on 1 June 2007. At the same time the section to which the department belongs – the European Policy Section – was renamed the Section for the Implementation of Foreign Financial Assistance. Within the Department for the Management and Implementation of Financial Mechanisms, a unit for the Norwegian Financial Mechanism and the EEA was created on 1 July 2007 specifically to carry out tasks related to the implementation of the financial mechanisms.

With regard to the change in the organisational regulations of the MF SR with effect from 1.2.2007, the function of Paying Authority for the NFM is performed by the Section for European and International Affairs of the MF SR.

The adoption of Government Resolution no. 262/2007 and the changes that followed from that are extremely important for the successful management and implementation of the EEA FM in Slovakia.

Annex no. 9 presents the organisation chart of the NFP and the PA showing the positions that are already occupied, that are currently vacant and the new positions that the NFP will create in 2008 to ensure the performance of the tasks necessary as implementation of the EEA FM proceeds.

7 Publicity

In the period covered by this report, the NFP continued to inform the public about the EEA Financial Mechanism.

When Call 0507 was open, the NFP provided consultation for potential applicants by telephone and e-mail. In the period 17 July to 17 September 2007 the NFP wrote 174 e-mails providing advice to potential applicants who sent their questions to the e-mail address eeagrants@vlada.gov.sk. The questions and responses that recurred most often were published on the website www.eeagrants.sk in the FAQ section.

As part of Call 0507 the NFP organised two regional seminars for potential applicants: one on 23 August 2007 in Košice, which was attended by 30 participants, and another on 24 August 2007 in Banská Bystrica, which was attended by 54 participants. The purpose of the seminars was to inform potential applicants from the public and third sectors about the call and to answer the questions of potential applicants on the spot.

As part of Call 0607 the NFP organised a regional seminar in Banská Bystrica on 18 December 2007, which was attended by 30 participants. The seminar for potential applicants from Eastern Slovakia was planned for 11 January 2008.

An international conference "Partnership and Responsibility" was held to mark the opening of the NGO fund with the participation of 180 delegates from Slovakia and the donor countries. Its primary objective was to inform participants of the availability of the prepared block grants and to facilitate the formation of partnerships with participating foreign NGOs.

The opening of the call for NGO Fund intermediaries took place at a joint press conference on 23 November 2007 attended by representatives of the main national media. Another press conference was held on 20 December 2007 to open the call for applications relating to the Fund for Support of Cooperation between Schools/Scholarships.

In the periods between calls and in relation to an ongoing application assessment process and the preparation of new calls and grant agreements for intermediaries/final beneficiaries, the NFP limited information activities to the provision of purely general information. During this period appropriate information was provided through the information published on the website www.eeagrants.sk. This received 311 054 visits in 2007.

Thanks to advertising in relevant media, the participation of the public sector and NGOs in the National Monitoring Committee and the organising of press conferences and specialist seminars, awareness of the EEA FM reached a majority of the members of target groups, as can be seen from the large number of inquiries and subsequently submitted applications, and the number of visits to the national website.

8 Work plan of the NFP for 2008

8.1 Calls

8.1.1 Call within the Seed Money Fund

17 September 2007 was the closing date for applications for Call 0507 for the Seed Money Fund and the assessment of applications that satisfied the conditions for administrative compliance and applicant eligibility was concluded on 21 December 2007.

After informing the approved applicants and the applicants whose applications received a low position in the overall ranking outside the scope of the set allocation, the NFP will conclude implementation contracts with the successful applicants at the start of 2008 so that funds can be disbursed from the Seed Money Fund to facilitate the preparation and submission of applications from the public sector and NGOs in the planned call for individual public sector and NGO projects.

8.1.2 Call for individual private sector projects

On 19 November 2007 the NFP opened Call 0607 for individual private sector projects. The closing date for Call 0607 is 21 January 2008. The NFP will then carry out inspection for administrative compliance and applicant eligibility in accordance with the Government Resolution and provide for expert assessment of the submitted applications. After subsequent recommendation by the National Monitoring Committee, the successful projects will be submitted for assessment by the FMO.

In accordance with the conclusions of the first Annual Meeting, the call is limited by the state aid scheme for small and medium enterprises and support for research notified to the European Commission.

8.1.3 Call for individual projects – public sector and NGO projects

The call for individual public sector and NGO projects will be opened around the end of Q1 and the start of Q2 2008.

8.1.4 Calls of the intermediaries of block grants

The calls of the intermediaries of the block grants mentioned in sections 3.7.2.1 and 3.7.2.3 of this Annual Report will be opened after their final approval and the signing of the Grant Agreements between the NFP and the Committee for the Financial Mechanism and the national implementation contracts between the NFP and the intermediaries.

The planned date for the launch of the block grants mentioned in sections 3.7.2.1 and 3.7.2.3 of this Annual Report is in the first half of 2008.

8.2 Publicity

The NFP continues to believe that regional information seminars are an important means of providing information to the general public directly. It will, as previously, inform the public of planned seminars well in advance on the official website www.eeagrants.sk. Regional information seminars are always held on the current open call, whether issued by the NFP or intermediaries.

The NFP will continue to regularly update the website of the financial mechanism in order to inform the public of the implementation of the EEA FM.

8.3 Schedule for audits, inspections and assessments

Under the Government Resolution, internal audits of the EEA Financial Mechanism are carried out by:

- a) the Section for the System of Public Financial Control of the MF SR,
- b) a competent Financial Control Authority,
- c) the Control Department of the Government Office of the Slovak Republic,
- d) the internal auditor of the Government Office of the Slovak Republic, and
- e) bodies authorised by the FMO.

Because at present funds have only been disbursed from the Technical Assistance Fund of the implementation of the financial mechanisms, the next financial inspection of the other implemented projects will be incorporated into the plan for 2008.

As at 31 December 2007, the following inspections have been confirmed for 2008:

- FMO inspection of individual project SK0021 (University of Veterinary Medicine in Košice – Biotechnological and natural products for pig health – high quality and safe foods) probably in the first half of 2008.
- Mid-term review of the implementation period of the EEA FM by the FMO – first quarter of 2008,
- Audit of implementation of the Seed Money Fund by the internal auditor of the SR Government Office – September/October 2008,
- Inspection of projects SK0007 – the Slovak Academic and Information Agency, SK0028 – the town of Myjava, SK0032 – the Slovak National Library, SK0013 – the Slovak Technical University – all projects will be inspected in Weeks 40–48 2008.

9 List of annexes

- Annex no. 1 – List of manuals and guidelines published by the NFP and PA under Government Resolution no. 262/2007 on the management of implementation of the EEA FM
- Annex no. 2 – List of exceptions authorised by the NFP and PA under Government Resolution no. 262/2007 on the management of implementation of the EEA FM
- Annex no. 3 – Percentage chart of the success of the individual projects submitted to donors for approval.
- Annex no. 4 – List of projects approved at a national level and summarises the situation relating to their implementation.
- Annex no. 5 – List of all applications submitted within Call 0507
- Annex no. 5a – Statistical analysis of all applications submitted within Call 0507
- Annex no. 6 – List of applications assessed and rejected within Call 0507
- Annex no. 7 – List of applications approved by the NMC within Call 0507
- Annex no. 8 – Summary of the payments from the Technical Assistance Fund for the Implementation of the FM
- Annex no. 9 – Organisation chart of the NFP and the PA