

Annual Report 2006-2007

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Madrid , 22 May 2007

Financial Mechanism 2004-2009

1) The Financial Mechanism 2004-2009 and Spain

This is the second annual report on the implementation of the Financial Mechanism 2004-2009, from May 2006 to May 2007.

The Memorandum of Understanding (MoU) was signed in Brussels by the Ambassadors of the 4 countries concerned, in May 2005. The MoU establishes the guidelines for bilateral relations and determines a total grant of 45 million euros for the period.

The Financial Mechanism 2004-2009 will continue to contribute to the reduction of the social disparities in the EEA, as it does the former Mechanism 1999-2003 with the implementation of the 16 approved projects. Spain continues its commitment to the EEA FMO objectives in this third phase of the relations, helping to secure a stable, peaceful and prosperous Europe, based on good governance, democratic institutions, the rule of law, respect for human rights and sustainable development.

Over the last 12 months Focal Point (FP) relations with the different stakeholders and potential beneficiaries have been progressing to achieve the overall aim of the FM. All the Spanish projects contribute to the reduction of economic and social disparities in the European Economic Area. As promoted by public institutions sustainable development and environmental, economic and social aspects of the projects have been taken into account.

As shown in Annex I the 20 applications are from 3 Ministries, 4 Regions, one province, 8 local councils, two foundations, one entrepreneurs' organization and one NGO. Many regional governments supported the applications from their areas. The two poorest regions have been selected for the highest total grants (Andalousia 4.5 MEuros and Extremadura 5.5 MEuros).

In the table of Annex I it is possible to see the distribution by sector. There is a balance among the sectors. Although the 20 projects are classified by sector, some of them could be included in more than one, e.g. Segovia ES-0020 is a cultural heritage project (Sector C) but it could also be classified as a tourism project (Sector B). So the percentages per sector are just indicative.

2) Progress of project evaluation and implementation

For the time being it is not possible to send annual project progress reports prepared by the promoters due to the preliminary stage of all of them.

The FP has been in permanent contact with the 20 promoters, their regional governments and the FMO during the different phases of acceptance and evaluation of the projects. The process has been complicated and the FMO and the FP have been helping the applicants.

This year the FP has gained valuable experience in the processing of applications and a solid foundation has been laid for project management and reporting in the years to come and it has learnt to improve the applications (especially the logic frame). The experience of the year is good for the knowledge of the projects and preparation for annual project reporting. The promoters have tried to send the information required.

To follow the project selection process during the period February 2005 to June 2006, see summary in Annex II and last year annual report and annual meeting minutes.

The implementation of the FM 2004-2009 is in the evaluation phase of the projects. After a meeting of the Experts' Committee from different Spanish Ministries (Public Administration, Education, Culture, Environment, Industry Tourism and Trade, and Public Works) in June 2006, the authorities of the Ministry of Finance decided on the short list of the 20 selected projects (for an updated version of them, with amount of the revised proposed individual grants and type of institution, see Annex I).

The promoters of these projects, attended a meeting on 26 June 2006: FMO staff Augusta Thorbergdottir and Norman Weisz, the former and also present Monitoring Agent Price Waterhouse Coopers-PwC and the Focal Point-FP in attendance in order to learn how to fill in the new application form correctly according to the User Guide. They were requested to send the application forms by 20 September 2006. All the applications were received in September.

During October and November 2006 the Focal Point checked, reported on and sent the 20 applications to the FMO, after asking for additional information and new applications forms in many cases.

The FMO requested additional information (RAI) in December and January and in some cases, later. The project promoters tried to comply.

The FMO registered each project and all but three were assigned to an appraisal team. Only two were rejected with letters from Ms. Andresen because of errors and insufficient information about the details of the projects and cross-cutting issues. Their promoters filled in new applications

that were resubmitted to the FMO by the Focal Point before the deadlines (CHEbro ES-0023 and IGME ES-0007).

Most of the projects have been checked by the FMO. 17 projects have been appraised by different consultants. Most of the consultants had formal meetings with the Focal Point, before their visits to the promoters, with no time to review the applications in depth.

The consultants have sent the detailed appraisal reports (DAR) to the FMO. The FMO sent 16 of the DAR to the FP for comment. The FP resubmitted them immediately to the applicants.

The FP received comments from the promoters in most of the cases and resubmitted them to the FMO. For the rest of the cases the promoters and the FP accepted the DAR without comment. The FMO has requested again, in March, April and May additional information (or new applications) from several promoters.

The promoters have provided the requested information to the consultants and to the FMO as soon as possible in order to accelerate the final decisions. The FP transmitted the information on a daily basis.

The project ES-0009, "A balance for personal, family and professional life and gender equality " between KS-Norway and the Spanish Instituto de la Mujer-Women's Institute is being studied after bilateral meetings in Madrid and a working lunch with the Norwegian Ambassador in Madrid (24 April 2007), with the assistance of General Director of the Women's Institute, Ms. Peris and Mr. Zamora. The KS and Instituto de la Mujer have held meetings, too (23 April 2007). The FP does not know the new plans of the promoter but is waiting for the revised application. The measures can be seminars, experts' meetings and the edition of one book on good practices.

Environment: Many projects are included in Sector A (environment). Several projects aim at implementing actions for fire prevention and reforestation. All the projects comply with the environmental regulations.

Economic aspects: Sustainable development (urban and rural tourism, creation of businesses) is the final aim of most of the projects, including the cultural heritage ones.

Social aspects: Several projects have the goal of training people, research and creation of businesses with all their social implications. One of them aims to introduce social changes by the emphasizing gender equality. All the projects will have a positive social impact.

The 20 projects include information on cross-cutting issues. In many cases the FP has had to advise the promoters on how to fill questions on these issues and in some they have sent in revised applications. After the visit of the appraisal teams the information could be completed. The projects take

into account gender equality and good governance. The project from the Ministry of Labour refers specifically to Gender Equality. In most of the projects there are opportunities for improving bilateral relations with the donors.

On 22 May the Focal Point does not know the status regarding the selection of the 17 projects, that have been appraised by the consultants.

As a conclusion it could be said that though much progress has been achieved in the project evaluation process during the last twelve months, the real implementation of the FM has to wait until the approval of the grants for the different projects.

During the period June 2007-May 2008 a lot of progress is expected with regard to the approval and beginning of new projects and their control, and the finalisation of the evaluation phase of the others. The FP will continue, in a similar way, the process of project evaluation and implementation, as detailed in the workplan.

3) The managerial set-up

The General Directorate of European Funds fulfils the tasks of the Spanish Focal Point. It has the responsibility for the management and coordination of the EEA FM in Spain, including that for the use of funds, financial control and audit and the rest of responsibilities included in Annex A of the Memorandum of Understanding concerning promoters, projects, annual meetings with the FMC, information, publicity and documents' storing.

The FP will ensure that financial control and audit are conducted in compliance with applicable rules, ensuring the efficient and correct use of available funds, sufficient audit trails in all institutions and effective financial control and audits of approved projects.

The FP comprises the senior adviser, answering directly to the Director General. The senior adviser is responsible for the Financial Mechanisms and is in constant touch with the FMO and the promoters. He is designated the contact person in Spain on the following websites: www.eeagrants.org, www.Noruega.es (Norwegian Embassy in Spain).

In addition to monitoring and audit performed by the MA (see below) and according to Annex A.B. of the Memorandum of Understanding The Intervención General del Estado (IGAE) and the National Audit Office-NAO (Tribunal de Cuentas) are the Supreme Audit Institutions of Spain and can conduct the necessary audits on projects as considered necessary. The National Audit Office is the equivalent to the Offices of the Auditor General in Iceland and Norway. IGAE is the entity that controls the Spanish budget. No audits of the FM 2004-2009 are foreseen for 2007 because no projects have been approved or implemented.

The financial management and control of the FP, including the Paying Authority, are separate from other functions within the General Directorate of European Funds-GDEF, as described in the part of disbursement arrangements of Annex A.B. of the MoU. The Control and Paying Department of the FP is now split into the Paying Department and the Control Department. An explanatory letter about this functional separation was addressed to the FMO by the Focal Point, as was decided in the last Annual Meeting. The GDEF has constituted two new Units (Control and Payments), both under the authority of the Director General.

Apart from the inspections and control by IGAE and those of the National Audit Office and European Audit Office, the Unit of Control, is in charge of the follow-up, inspection and control of operations regarding the funds received from the European Union.

The Unit of Payments is in charge of the checking of the certifications and the preparation of the proposals of payments to be signed by the person responsible (usually the General Director of European Funds). The FMO grants from the Norwegian Bank (Disbursement Agent) are not received in General Directorate's accounts but they are transferred by the Treasury to the beneficiaries.

4) Monitoring

According to Annex A A. of the Memorandum of Understanding, to perform the necessary monitoring and audit functions of the projects financed for the period, the FP made an open call in July 2006 to appoint an international consultancy company as the new Monitoring Agent. A new contract for two years was signed in February 2007 between the Ministry of Finance and Price Waterhouse Coopers, who had won the tender. According to Spanish legislation 2 years is the limit for contracts, but they can be renewed for two more years if the results are satisfactory.

According to national regulation of public contracts, the Spanish ministry of Economy and Finance published an open call for consultancy services in the Official State Bulletin and the Official Journal of the European Union dated 14/10/2006 and 10/10/2006 respectively. The procedure was subjected according with the Royal Legislative Decree 2/2000 of contracts with the public administration which complements the European directives of public contracts to the Spanish regulatory framework.

The selected procedure was open and ordinary, as stated in the article 70 of the RLD 2/2000, with a budget of 320.000 €.

Once finished the term for application submit (52 days since the tender was sent to the OJEU) two enterprises presented their technical and economical offers in order to be assessed by the Contracting Board- (Junta de Contratación, in Spanish) The offers were assessed for one month. The objective criteria considered for the assessment take into consideration the

requirements contained in the MoU signed between the Kingdom of Spain and the EEA Financial Mechanism, and the art 86 of the RLD 2/2000:

- The services must be developed by an international prestige consultancy company as requirement to take part in the process.
- The consultancy company must be registered in the Spanish Official Registry of Auditors.
- The economical offer will amount to 40% of the points proportionally to the decrease of the offer giving 40 points to the best offer.
- The quality, organisation and planning of the technical offer will amount to 60% of the points.

Once assessed the two offers, at 21/12/2006 the Junta de Contratación decided to award the contract to PricewaterhouseCoopers considering that its offer met the best characteristics for the administration both in technical and economical requirements (239.686,40 €). The contract was signed for two years extendable for another two years in agreement with the national regulation of public contracts.

So then, the process held by the Spanish Ministry of Economy and Finance has been developed according to national and european regulation of public contracts following the principles of transparency, concurrency and non discrimination.

The functions of the Monitoring Agent are as follows:

- Monitoring and evaluating the 20 projects financed by the EEA Financial Mechanism through regular reports on the progress of the work, verification of reimbursement requests and their agreement with the financial contracts and annual monitoring reports as well as a final report for the collection of the balance.
- Prior training of the managers of the different projects on how the EEA Financial Mechanism works in relation to project development. This training includes an explanation of the certification system, the documents to be completed by managers, the documents needed by PwC to run checks, the times and deadlines for the work to be done, the recurring problems in previous periods and the most frequent problems with these types of projects to avoid certification glitches, etc.
- Preparing a general work plan to facilitate the monitoring of the different individual projects and the project as a whole and to thereby ensure that the pace of the work is homogenous, in

collaboration with the General Directorate of European Funds of the Ministry of Finance.

- Planning the field checks to be performed and the method of performing them, along with the rest of the certification process:
 - Notification of control visits;
 - Documentation to be prepared by the project manager prior to and during the control visit;
 - Performance of control visit: analysis of documentation, verification that the procedures followed comply with the rules, that the progress of the project coincides with the application for aid and the pertinence of payment requests;
 - Preparation of inspection reports and verification of the certification issued by the project manager;
 - Submission of documentation to the Ministry of Finance for validation, after which it is forwarded by the Ministry to the EEA Financial Mechanism.
 - Verification, acceptance and payment of the certification by the EEA Financial Mechanism.

- Preparation of Project Monitoring Reports to be forwarded to the EEA Financial Mechanism.

On May 2007 the FP has submitted an application to the FMO for Technical Assistance (payments to the Focal Point and the Monitoring Agent for the period 2007-2013 to monitor and control the projects.

5) Publicity

The News about the Financial Mechanism 2004-2009 has been published on the web page (the 2 short lists with the full name of the projects and promoters were published after the decisions)

News of the completion of the projects of the former Financial Mechanism has been published there, too.

The promoters publish and will publish their news, usually through websites and local and regional media.

6) Scholarships

The Norwegian Embassy in Madrid and the Focal Point have had frequent contacts and meetings to find a suitable partner in Spain. The Spanish Consejo de Universidades-University Coordination Council has been designated by the Ministry of Education as the Spanish partner for the twin Institutions of the three donors. The purpose of the block grant is to promote the mobility of Spanish Erasmus students to the donor countries as well as promoting research projects with these countries.

Several decisions have been taken. The Director General of European Funds decided to assign 2 million euros to the block grant. In April 2007 a decision was taken by the Focal Point and the University Coordination Council (Ministry of Education): 75% of the grant will go to Erasmus scholarships and 25% to research projects.

For the implementation of these decisions, the University Coordination Council is preparing the application for the block grant to be sent to the FMO by the Focal Point.

Workplan for the FM 2004-2009 in 2007 and 2008

May 2007: Technical Assistance application

4 June 2007: FM annual meeting

June 2007: Draft Minutes (of the annual meeting)

June 2007: Scholarship block grant application

June-July 2007: Steering Committee Meeting (after the approval of some projects)

June 2007-December 2007: Additional information and appraisal of some applications

4 July 2007: FMO Workshop in Brussels

September-October 2007: Meeting with the participation of FMO staff, the Monitoring Agent and the Focal Point to explain the monitoring and reporting system to the promoters

2007-2008: Publicity for newly approved projects through the website . The promoters will publish the approval of their individual projects through the Media

2007-2008: Preparation and signature of the block grant agreement (scholarships)

2007-2008 Other projects' evaluation and implementation

2007-2008: Preparation and signature of the Grant Agreements with the FMO (after the approval of the applications)

2007-2008: Signature of separate agreements with the applicants

2007-2008: Preparation and signature of TA grant agreement

May 2008: Annual report

June 2008: Annual meeting

2008: Project monitoring and reporting

Agenda (4 June 2007 11:45 am to 4 pm, lunch included)

- Opening remarks
- Annual Report.
 - Progress of project evaluation process
 - Managerial set-up
 - Programming framework
- Conclusions on new selected projects
- TA Fund. Monitoring Agent
- Publicity
- Scholarship programme
- Gender equality project
- AOB
- Conclusions
- 2 p.m.: Working lunch offered by Mr. Zamora

ANNEX I

20 SELECTED PROJECTS

According to Annex B of the MoU the sectors were divided into four priority sectors:

- A. Protection of the environment
- B. Promotion of sustainable development
- C. Conservation of the European cultural heritage
- D. Development of human resource and equal gender opportunities

Proposed EEA grants Million Euros				
Sector, Number of project and promoter		Cost	Proposed Grant	Remarks
Sector A				
ES-0013	A Coruña	3.6	1.8	Province
ES-0023	CHEbro	6	3	Ministry
ES-0010	SEO/Birdlife	1.3	1	NGO
ES-0016	Buñol	1.3	1	Local Council
ES-0024	Extremadura	5	2	Region
ES-0015	Murcia	6	3	Region
Total Sector A			11.9	
Sector B				
ES-0007	Ministry of Education	4.5	2.3	Ministry
ES-0019	Roncal	2.3	1.2	Local Council
ES-0017	Gijón	4.5	2	Local Council
Total Sector B			5.5	

Sector, Number of project and promoter Sector C	Cost	Proposed Grant	Remarks
ES-0020 Segovia	6	3	Local Council
ES-0018 Balearic Islands	6.6	3.3	Region
ES-0008 Burguillos	1.9	1.5	Local Council
ES-0022 Extremadura	5	2	Region
ES-0012 Barcelona	6.8	3	Local Council
ES-0014 Hostalric	2.3	1	Local Council
ES-0025 Ekain	4.9	1.8	Foundation
ES-0006 Foundation P.Kristine	1.4	0.4	Foundation
Total Sector C		16	
Sector D			
ES-0011 Ceko Córdoba	7.9	4.5	Entrepreneurs' Organization
ES-0009 Ministry of Labour and S.Affairs	1.6	1.2	Ministry
ES-0021 Madrid Region	8.7	1.5	Region
Total Sector D		7.2	
Total Proposed Grants		40.6	

SECTOR A

ES-0013

Name of the Project: *"Promotion of renewable energies at the province of A Coruña"*, sponsored by the provincial government of A Coruña (Galicia). Cost: 3,645,655 Euros. Grant: 1.8 ME.

The project aims at setting up photovoltaic and thermal solar installations in 19 rural town halls, supported by wind power.

ES-0023

Name of the Project: *"Prevention actions against fires (mountain areas managed by Confederación del Ebro)"*, in Aragon, sponsored by the Spanish Ministry for the Environment. Cost: 5,985,000 Euros. Grant: 3 ME.

The project aims at implementing actions for the prevention of fires in the mountain areas under the control of the Confederation of the Ebro River.

ES-0010

Name of the Project: *"Promotional campaign Natura 2000 Network"*, sponsored by the NGO "SEO/BIRDLIFE in 4 autonomous regions. Cost: 1.38 million Euros. Grant: 1 ME.

The project aims at developing a promotional campaign regarding the Natura 2000 Network in 4 regions under the objective (Andalusia, Extremadura, Castilla-La Mancha and Castilla-León). Seminars on special developments for birds will also be organized.

ES-0016

Name of the Project: *"River park of Buñol (Valencia)"*, sponsored by the Town Council of Buñol. Cost: 1.27 million Euros. Grant 1 ME.

The project aims at the restoration of the river bank, creating leisure areas with beautiful landscapes and eliminating a woodpulp factory.

ES-0024

Name of the Project: *"Actions in forest areas damaged by fires"*, sponsored by the Government of Extremadura". Cost: 4,995,000 Euros. Grant: 2 ME

The project aims at reforesting different mountain areas burnt in 2003 and recovering the tree cover.

ES-0015

Name of the Project: *"Restoration plan concerning burnt-out areas (Northwest region of Murcia)"*, sponsored by the Region of Murcia. Cost: 6 million Euros. Grant:: 3 ME.

The project aims at carrying out restoration actions and improving the vegetable cover, the stabilization of mountainsides, etc.

SECTOR B

ES-0007

Name of the Project: *"Plan for soil geo-chemical cartography and superficial formations"*, presented by the Spanish Ministry for the Education. Cost: 4,557,000 Euros. Grant: 2.3 ME.

The Plan intends to carry out the geo-chemical cartography at a 1:50.000 scale of both sediments and soils.

ES-0019

Name of the Project: *"Development of rural tourism at the Roncal Valley"*, presented by the *Mancomunidad del Valle del Roncal* (Community of the Roncal Valley, Navarre). Cost: 2,356,000 Euros. Grant: 1.2 ME

The project focuses on the sustainable development of the Valley.

ES-0017

Name of the Project: *"Scientific and Technological Park of Gijón"*, sponsored by the Town Council of Gijón (Asturias). Cost: 4,519,000 million Euros. Grant : 2 ME.

The project aims at consolidating the 3rd phase of the Park and enlarging the current space available for the companies that have already been set up, as well as those that are newly created. 30 businesses have already been set up so far, which have created 400 job placements.

SECTOR C

ES-0020

Name of the Project: *“Recovery and upgrading of the Aqueduct and the Walls of Segovia for tourist use”*, sponsored by the Town Council of Segovia (Castilla-León). Cost: 6 million Euros. Grant: 3 ME.

The project comprises a number of actions to be carried out near the walls of the city (the Jewish cemetery, mills and hydraulic systems, Huerta de los Briz, etc.).

ES-0018

Name of the Project: *“Rehabilitation of Pati Sa Lluna”*, sponsored by the Autonomous Region of the Balearic Islands. Cost: 6.6 million Euros. Grant: 3.3 ME.

The project aims at making the “Pati Sa Lluna” convent available for the development of cultural tourism, through its restoration and rehabilitation.

ES-0008

Name of the Project: *“Rehabilitation of St. John the Baptist Church”*. Sponsored by the town council of Burguillos del Cerro (Badajoz-Extremadura). Cost: 1,932,000 Euros. Grant : 1.5 ME

The project aims to restore a XIIth Century church as well as to provide it with equipment and furniture.

ES-0022

Name of the Project: *“Vía de la Plata II”*, sponsored by the Government of Extremadura. Cost: 5 million Euros. Grant: 2 ME.

This is the second phase of a project that was already funded in the past by the EEA. The re-fitting of the Roman Silver Route comprises the restoration of a number of archaeological historic buildings and their transformation into museums and the recovery of both the Route and the bridges.

ES-0012

Name of the Project: *“Enhancement of accessibility, suppression of architectural barriers and recovery of public spaces in the neighborhood of Carmel, the Parc Turons and the Parc Güell (Barcelona)”*, sponsored by the Local Council of Barcelona. Cost: 6,798,000 Euros. Grant: 3 ME.

The project chiefly aims at recovering the access ways to the abovementioned parks through the Carmel neighborhood. This is a priority for the Government of Catalonia.

ES-0014

Name of the Project: *“Urban renovation and cultural heritage protection in Hostalric (Gerona)”*, sponsored by the Government of Catalonia. Cost: 2,366,000 million Euros. Grant 1 ME.

Second phase of the project for the urban renovation of Hostalric that received a small funding from the EEA. The main works refer to the restoration of the wall.

ES-0025

Name of the Project: *“Recovery and upgrading of the caves of Ekain (Guipuzcoa)”*, presented by a Foundation and the Basque Government. Cost: 4,982,000 Euros. Grant: 1.8 ME.

The grant would cover 50% of the cost of the first phase of the project focusing on the Ekain Caves and the Prehistory Museum.

ES-0006

Name of the Project: *“Construction of the San Olav chapel”*, sponsored by Fundación Princesa Kristina, in Covarrubias (Burgos-Castilla León). Cost: 1.4 ME. Grant: 0.4 ME.

The chapel is intended to be a cultural and ecumenical center, also available for exhibitions and talks. The project will be monitored by the local authorities in cooperation with Fundación Princesa Kristina.

SECTOR D

ES-0011

Name of the Project: *“Training, initiatives and support center for business activities in Córdoba”*, presented by the Government of Andalusia. Cost: 7,888,000 Euros. Grant: 4.5 ME.

The project, set up by the Business Confederation of Cordoba, aims at developing training actions, initiatives for the support of businesses and the creation of new businesses. It is expected that 4,700 m2 of suitable premises be constructed in which to carry out said actions.

ES-0009

Name of the Project: *“A balance for personal, family and professional life, and gender equality”*, sponsored by the Ministry of Labour and Social Affairs”. Cost: 1.6 million Euros. Grant: 1.2 ME.

This is a joint project of Spain (Instituto de la Mujer) and Norway (KS). It consists on seminars, experts' meetings and the elaboration of the book on good practices.

ES-0021

Name of the project: *“IMDEA-AGUA”* sponsored by the Region of Madrid. Cost.8.7 million euros. Grant: 1.5 ME.

It is the project for one of the Excellence Institutes of Madrid (The water Institute).

Annex II

Summary of the Selection Process (February 2005- May 2006)

In February 2005, according to Annex A c.1 of the MoU, a call was made for projects for the period 2004-2009. The call was open to every region and local council and to some Ministries and NGOs. The promoters were asked to send a preliminary executive summary of the project and the budget. More than 400 applications were received. The classification of so many projects took several months.

Experts from different Ministries (Public Administration, Education, Culture, Environment, Industry Tourism and Trade, and Public Works) were appointed to the Experts' Committee chaired by the Ministry of Finance.

The Focal Point decided on the first shortlist in March 2006, after several meetings of the Experts' Committee. It was a shortlist of 40 projects, which was put on in the website of the GDEF. The rest of the projects were rejected. An English translation of these 40 projects with a short summary of each of them was sent to the FMO and the Norwegian Embassy in Madrid.

Between mid-March and mid-April most of the forty promoters prepared and sent additional information to the Focal Point (using a Spanish translation of EEA grants application form and the user guide). The FP answered questions about the application during this period.

A meeting of the Experts' Committee took place on 24 May 2006. The experts could learn from the applications received. No definitive conclusions were attained.