Annex 9
Programme Operators' Manual
EEA and Norwegian Financial Mechanisms 2009-2014

Index

1 INTRODUCTION

1.1 About the Manual

With reference to the Regulations on the implementation of the EEA Financial Mechanism and of the Norwegian Financial Mechanism 2009-2014 ("the Regulations"), this Manual defines how to implement results-based management (hereinafter called RBM) in the planning, implementation and completion of Programmes under these funding mechanisms.

The objective of this Manual is firstly to ensure that the Programme Operators have a practical guide to complement the Regulations, and to assist them in preparing a Programme proposal and report from the Programme with particular focus on results. Secondly, the Manual shall make it clear what the information requirements are in all phases of the Programme cycle.

The main target users of the Manual are the Programme Operators.

This Manual is complementary to the Regulations. In case of conflict between this Manual and the Regulations, the provisions in the Regulations shall prevail.

1.2 Results Based Management

The Manual is based on the methodology of results based management (RBM). This methodology is internationally recognised and used widely in programme cycle management. The essence is to focus on achievement of goals rather than on activities and processes.

The core concepts in RBM are:
- the importance of setting clear **objectives** (goals);
- the idea that **outcomes** represent the most important result level in results management. Stay focused on what ultimately matters: the effects of the intervention on people and systems;
- the significance of developing a limited number of sound **indicators** with targets and baselines, as these are the keys to knowing when the Programme is making measurable progress towards desired results;
- the fact that **risk management** is an important and integrated part of results management. What are the major risks? How should they be handled or monitored, by whom and when?

2 OBJECTIVES

2.1 The overall objective and priority sectors of the EEA Financial Mechanism 2009-2014

The overall objectives of the EEA Financial Mechanism 2009-2014 are to contribute to the reduction of economic and social disparities in the European Economic Area and to strengthen bilateral relations between the Donor State(s) and the Beneficiary State through financial contributions in the priority sectors listed below.

The financial contributions are available in the following priority sectors:

(a) Environmental protection and management;

(b) Climate change and renewable energy;

(c) Civil society;

(d) Human and social development;

(e) Protection of cultural heritage.

Academic research may be eligible for funding in so far as it is targeted at one or more of the priority sectors.

The priority sectors and Programme areas that are to receive assistance through the EEA Financial Mechanism 2009-2014 are negotiated between the Beneficiary States and the Donor State(s), and are set out in the Memorandum of Understanding (MoU).

2.2 The overall objective and priority sectors of the Norwegian Financial Mechanism 2009-2014

The overall objectives of the Norwegian Financial Mechanism 2009-2014 are to contribute to the reduction of economic and social disparities in the European Economic Area and to strengthen bilateral relations between the Kingdom of Norway and the Beneficiary States through financial contributions in the priority sectors listed below.

The financial contributions are available in the following priority sectors:

(a) Carbon Capture and Storage;

(b) Green Industry Innovation;

(c) Research and Scholarship;

(d) Human and Social Development;

(e) Justice and Home Affairs;

(f) Promotion of Decent Work and Tripartite Dialogue.

The priority sectors and Programme areas that are to receive assistance through the Norwegian Financial Mechanism 2009-2014 are negotiated between the Beneficiary States and the Kingdom of Norway, and are set out in the Memorandum of Understanding (MoU).

2.3 Programme areas

For each **Priority sector**, Programme areas (ref. Table 1 and 2) are identified. Each Programme area shall contribute to the two overall objectives of each of the financial mechanisms. In the Regulations

the Programme area is defined as a thematic field within a priority sector, with a specific objective and specific measurable outcomes.

For each **Programme area**, one objective and several expected outcomes (ref. Table 1 and 2) are defined. These definitions of objectives are intended to increase the impact and focus of the financial mechanisms as well as facilitating the measurement and aggregation of results both within and across sectors and Beneficiary States.

Each Programme must therefore be in accordance with these objectives and expected outcomes. The Programme Operator will define the outputs (ref. Figure 1).

2.4   Objectives of the Programmes

For the purpose of the financial mechanisms 2009-2014, 'objective' is defined as the long-term impact to which the Programme contributes. This means that the objective will not necessarily be achieved as a result of the Programme, but that the situation after the Programme has been implemented is closer to the objective than before it started. The Programme proposal (ref. chapter 3 of this Manual) shall address one of the defined objectives given in Table 1 and 2.

EXAMPLE

Objective: *Prevent injury and adverse environmental effects caused by chemicals and hazardous waste*

It is not likely that one Programme alone can prevent injury and adverse effects caused by chemicals and hazardous waste. However, if the Programme strengthens the national authorities' capacity to enforce and implement EU legislation on chemicals and hazardous waste, it is likely that this will <u>contribute</u> to reduced injury and adverse effects.

2.5   Expected outcomes of the Programmes

For the purpose of the financial mechanisms 2009-2014, 'expected outcome' is defined as the likely short-term and medium-term effects of the Programme. They are formulated to describe the positive situation that is expected to occur when the Programme ends. For this reason, when all the outputs that have been planned for a Programme have been delivered, it is likely that the expected outcome also will have been achieved. However, the Programme Operator will not be able to guarantee that the expected outcome will be achieved.

The Programme proposal must make use of at least one of the defined expected outcomes given in Table 1, and selected projects shall all contribute towards this/these expected outcome(s). It is not possible to reformulate or add new outcomes.

EXAMPLE

Expected outcome: *Strengthened capacity to enforce and implement EU chemicals and hazardous waste legislation*

If a Programme delivers training on relevant EU legislation, helps setting up / improving REACH help-desks and develops a national strategy for hazardous waste, it is <u>likely</u> that the capacity to enforce and implement EU chemicals and hazardous waste legislation is strengthened.

2.6 Outputs of the Programmes

For the purpose of the financial mechanisms 2009-2014, the outputs are defined as the deliverables (products, goods and services) which result from a Programme, i.e. the tangible results.

The Programme Operator defines the outputs of the Programme in the Programme proposal. The outputs should be guaranteed by the Programme Operator, and they will most likely result in the

fulfilment of the expected outcome as described above. The Programme Operator should involve relevant stakeholders in the development of the outputs. The Programme proposal will normally include several outputs.

> **EXAMPLE**
>
> **Output 1:** *Training on EU legislation provided*
>
> **Output 2:** *A national help-desk on REACH established*
>
> **Output 3:** *A national hazardous waste strategy developed and presented for adoption*
>
> *The Programme Operator should be able to <u>guarantee</u> that all these outputs are delivered. Thus the expected outcome is also likely to be delivered. The reason why it is not possible to guarantee that the expected outcome is fulfilled, is that it has to be assumed that the individuals exposed to the training actually learns something, that the national help desk is used and that the strategy is adopted and implemented.*

Figure 1 : **The GOAL HIERARCHY**			
	Financial mechanisms	Programme	Project
OVERALL OBJECTIVES Common to all Programmes under the financial mechanisms 2009-2014	**OVERALL OBJECTIVES FOR THE FINANCIAL MECHANISM 2009-2014** " reduction of economic and social disparities in the European Economic Area and to the strengthening of their/its relations with the Beneficiary States"		
PROGRAMME OBJECTIVE The long term impact to which the Programme contributes	**PROGRAMME AREA OBJECTIVE** Increased share of renewable energy in energy use	**PROGRAMME OBJECTIVE** Increased share of renewable energy in energy use	
PROGRAMME EXPECTED OUTCOME The likely or achieved short-term and medium-term effects of the Programme *Formulated to describe the positive situation that is expected to occur at the end of the Programme period*	**EXPECTED OUTCOME(S)** - Increased renewable energy production - Increased use of renewable energy in transport sector - etc... [Indicators]	**PROGRAMME EXPECTED OUTCOME** Increased renewable energy production [Indicators]	
PROGRAMME OUTPUTS The deliverables (products, goods and services) which result from a Programme *The Programme outputs are the tangible results from the Programme that can be guaranteed by the Programme Operator, and which thereafter most likely will contribute to the fulfilment of the expected outcome as described above*		**PROGRAMME OUTPUT 1**: X number of municipal boiler houses in Area B in place [Indicators] **PROGRAMME OUTPUT 2:** X number of schools in Area C is provided with renewable energy solutions [Indicators]	**PROJECT 1 OUTCOME** X number of municipal boiler houses in Area B in place [Indicators] **PROJECT 2 OUTCOME** X number of schools in Area C is provided with renewable energy solutions [Indicators]
Project outputs are defined in project proposals only			**PROJECT 2 OUTPUT 1** Y schools in Area C provided with biomass boilers **PROJECT 2 OUTPUT 2** Z schools in Area C provided with solar thermal collectors **PROJECT 2 OUTPUT 3** Training in RES provided to X school adminis-trators

Table 1 - Eligible programme areas for EEA Financial Mechanism 2009-2014

Please note that in the column for objective, the Programme areas are shown in bold letters, while the objectives are given directly below these.

Priority Sector	Programme area / Objective	Expected outcomes
Environmental Protection and Management	**Programme area: Integrated Marine and Inland Water Management** Objective: Good environmental status in European marine and inland waters	• More integrated management of marine and inland water resources • Established environmental targets and management plans for marine and inland waters • Improved water management infrastructure • Improved monitoring of marine waters • Increased capacity for assessing and predicting environmental status in marine and inland waters • Increased awareness of and education in integrated marine and inland water management
	Programme area: Biodiversity and Ecosystem Services Objective: Halt loss of biodiversity	• Increased capacity to manage and monitor Natura 2000 sites effectively • Avoided fragmentation of ecosystems • Increased protection of Natura 2000 sites against external disruptive influences through the establishment of buffer zones • Increased protection of native ecosystems against invasive alien species • Increased awareness of and education in biodiversity and ecosystem services, including awareness of and education in the linkage between biodiversity and climate change, and economic valuation of ecosystems • Improved integration of biodiversity considerations in sectoral policies and legislation • Increased capacity within environmental NGOs promoting biodiversity
	Programme area: Environmental Monitoring and Integrated Planning and Control Objective: Improved compliance with environmental legislation	• Strengthened capacity of environmental authorities in relation to integrated planning and control • Improved environmental information on impact, status and trends • Increased exchange of information on environmental impact, status and trends between Beneficiary States and other EU Member States • Increased awareness of and education in environmental monitoring and integrated planning and control
	Programme area: Reduction of Hazardous Substances Objective: Prevent injury and adverse environmental effects caused by chemicals and hazardous waste	• Strengthened capacity to enforce and implement EU chemicals and hazardous waste legislation • Increased industry compliance with EU chemicals and hazardous waste legislation • Developed strategies for authorities' management of hazardous waste • Improved monitoring of hazardous substances in the environment • Hazardous waste managed in an environmentally sound manner • Increased awareness of and education in hazardous substances

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Priority Sector	Programme area / Objective	Expected outcomes
Climate Change and Renewable Energy	**Programme area: Energy Efficiency** Objective: Reduced emissions of greenhouse gases and air pollutants	• Improved energy efficiency in buildings • Increased energy efficiency in industry and the transport sector • Increased utilisation of excess heat • Improved capacity at national, regional and local level to undertake energy-efficiency measures • Increased awareness of and education in energy efficiency
	Programme area: Renewable Energy Objective: Increased share of renewable energy in energy use	• A less carbon-dependent economy • Increased renewable energy production • Increased use of renewable energy in the transport sector • Increased feed-in of renewable energy to existing energy infrastructures • Developed strategies to improve the use of green investment schemes • Improved capacity at national, regional and local level on renewable energy solutions • Increased awareness of and education in renewable energy solutions
	Programme area: Adaptation to Climate Change Objective: Reduced human and ecosystem vulnerability to climate change	• Developed systems for information exchange on climate change adaptation • Developed strategies and measures for adapting to a changing climate • Increased capacity to assess vulnerability to climate change • Increased awareness of and education in climate change adaptation
	Programme area: Maritime Sector Objective: Reduced emissions of greenhouse gases and air pollutants from the maritime sector	• Measures taken to reduce greenhouse gas emissions in the shipping sector • Strengthened capacity of relevant authorities to implement climate change-related policy elements • Increased awareness of and education in how to reduce emissions from ships
Climate Change and Renewable Energy	**Programme area: Environmental and Climate Change-related Research and Technology** Objective: Strengthened knowledge base on the environment and climate change and increased application of environmental technology	• Increased national and international knowledge base of the EEA programme areas on environment and climate change • Increased development and application of technology that benefits the environment

Priority Sector	Programme area / Objective	Expected outcomes
Civil Society	**Programme area: Funds for Non-Governmental Organisations** Objective: Strengthened civil society development and enhanced contribution to social justice, democracy and sustainable development	• Active citizenship fostered • Increased involvement of NGOs in policy and decision-making processes with local, regional and national governments • Cross-sectoral partnerships developed, particularly with government organisations at local, regional and / or national level • Democratic values, including human rights, promoted • Advocacy and watchdog role developed • Developed networks and coalitions of NGOs working in partnership • Strengthened capacity of NGOs and an enabling environment for the sector promoted • Increased contribution to sustainable development achieved • Provision of welfare and basic services to defined target groups increased • Empowerment of vulnerable groups
Human and Social Development	**Programme area: Children and Youth at Risk** Objective: Improved well-being of children and young people at risk	• Laws, policies and measures in the field of children's and youth rights, as enshrined in relevant international instruments effectively implemented • Quality of child welfare systems and protection measures effectively improved, relaying the views of relevant stakeholders and society at large through high quality and participatory debate • Effective and efficient measures addressing vulnerable groups of children and youth facing particular risks implemented • Instances of violence, abuse and exploitation against children and youth prevented and tackled through high-impact implemented measures • Policies and standards of intervention in the field of juvenile justice developed and implemented in view to ensuring protection and securing full rights during detention and a wide range of opportunities for young offenders to re-integrate society created • Health and social care services provided to ensure equal access for children and youth
	Programme area: Local and Regional Initiatives to Reduce National Inequalities and to Promote Social Inclusion Objective: Strengthened social and economic cohesion at national, regional and local levels	• Regions and urban areas are cooperating in the fields of public and private services, business development and innovation, to stimulate social and economic development • Regions are experiencing improvements particularly with respect to job creation and/or improvement of access to public services • Local and regional authorities, as well as private and civil society actors, are developing initiatives to strengthen anti-discriminatory measures for groups vulnerable to social and economic exclusion • Local and regional authorities are cooperating with private and civil society actors to strengthen participation in decision-making processes • Local and regional authorities are developing and modernising the public sector
	Programme area: Public Health	• Reduced inequalities between user groups • Developed resources for all levels of health care

Priority Sector	Programme area / Objective	Expected outcomes
	Initiatives Objective: Improved public health and reduced health inequalities	• Improved governance in health care • Strengthened financing systems • National health registries and health information systems, data management and use improved • Improved access to and quality of health services including reproductive and preventive child health care • Improved access to and quality of health services for elderly people • Life-style related diseases prevented or reduced • Improved prevention and treatment of communicable diseases (including HIV/AIDS and TB) • Improved mental health services • Improved food safety and increased access to information about food safety and health for consumers, public authorities and industry
	Programme area: Mainstreaming Gender Equality and Promoting Work-Life Balance Objective: Gender equality and work-life balance promoted	• Gender issues across policies and practices mainstreamed • Awareness raised and research on gender issues promoted • Successful national policies and best practices on gender equality exchanged • Balance between work, private and family life improved • Gender balance on company boards improved • Gender pay gap reduced • Gender equality ombudspersons / authorities established • Capacity of gender equality organisations and networks strengthened
	Programme area: Institutional Framework in the Asylum and Migration Sector Objective: Ensure the existence of a functioning national migration management system, that safeguards the right to seek asylum and gives special attention to the situation for unaccompanied asylum seeking children (UASC)	• Strengthened institutional framework to ensure legal protection and care for the most vulnerable group of migrants, namely unaccompanied children • Well-functioning asylum system in place, enabling asylum-seekers to bring forward their claim for international protection, have their claim processed in due time and be offered accommodation during the processing of their case, or to return voluntary to their country of origin
	Programme area: Scholarships Objective: Enhanced human capital and knowledge base in the Beneficiary States	• Increased higher education student and staff mobility between Beneficiary and EEA EFTA States • Increased and strengthened institutional cooperation at all levels of the education sector (school education, higher education, vocational training/education and adult education) between Beneficiary and EEA EFTA States • Increased mobility of education sector staff at all levels of education between Beneficiary and EEA EFTA States
Protecting Cultural Heritage	**Programme area: Conservation and Revitalisation of Cultural and Natural Heritage** Objective: Cultural and natural heritage for future generations safe-guarded and conserved and made publicly accessible	• Cultural heritage restored, renovated and protected • Cultural history documented • Local communities further developed and economically sustainable livelihoods established through the revitalisation of cultural and natural heritage • Cultural heritage made accessible to the public
	Programme area: Promotion of Diversity in Culture and Arts within	• Contemporary art and culture presented and reaching a broader audience • Awareness of cultural diversity raised and intercultural

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Priority Sector	Programme area / Objective	Expected outcomes
	European Cultural Heritage Objective: Cultural dialogue increased and European identity fostered through understanding of cultural diversity	dialogue strengthened • Individual citizens' cultural identity strengthened • Cultural history documented

Applicable to all priority sectors	Programme area / Objective	Expected outcomes
Academic Research	**Programme area: Research within Priority Sectors** Objective: Enhanced research-based knowledge development in the Beneficiary States	• Increased research cooperation between the EEA EFTA and Beneficiary States • Strengthened research capacity in the Beneficiary States • Strengthened research allocations in the Beneficiary States • Increased application of research results

Table 2 - Eligible programme areas for Norwegian Financial Mechanism 2009-2014

Priority Sector	Programme area / Objective	Expected outcomes
Carbon Capture and Storage	**Programme area: Carbon Capture and Storage (CCS)** Objective: Mitigate Climate Change	• CO_2 captured and safely stored • Increased knowledge and transnational cooperation on CCS
Green Industry Innovation	**Programme area: Green Industry Innovation** Objective: Increased competitiveness of green enterprises, including greening of existing industries, green innovation and green entrepreneurship	• Realisation of the business opportunities of greening of the European economy • Reduced production of waste and reduced emissions to air, water and ground • More use of environmentally friendly technologies • Increased green job creation and entrepreneurship
Promotion of Decent Work and Tripartite Dialogue	**Programme area: Global Fund for Decent Work and Tripartite Dialogue** Objective: Decent work promoted and tripartite cooperation improved between employers' organisations, trade unions and public authorities in supporting equitable and sustainable economic and social development	• Improved social dialogue and tripartite dialogue structures and practices • Enhanced understanding of the benefits of decent work • Enhanced access to employment and participation in the labour market • Enhanced focus on the social dimension of workforce mobility • Advancement of gender equality and non-discrimination in the workplace • Improvement of work, family and private life balance • Worker adaptability and lifelong learning opportunities improved

Research and Scholarship	**Programme area: Bilateral Research Cooperation** Objective: Enhanced research-based knowledge development in the Beneficiary States through enhanced research cooperation between Norway and the Beneficiary States	• Increased research cooperation between Norway and the Beneficiary States • Strengthened research capacity in the Beneficiary States and increased application of research results through research cooperation between Norway and the Beneficiary States
	Programme area: Bilateral Scholarship Programme Objective: Enhanced human capital and knowledge base in the Beneficiary States	• Increased higher education student and staff mobility between Beneficiary States and Norway • Increased and strengthened institutional cooperation within the higher education sector between the Beneficiary States and Norway
Human and Social Development	**Programme area: Capacity-building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities** Objective: Strengthened institutional capacity and human resource development in public institutions, local and regional authorities in the Beneficiary States within the agreed priority sectors through cooperation and transfer of knowledge with similar institutions and authorities in Norway	• Increased and strengthened cooperation between public institutions, local and regional authorities in the Beneficiary States and similar institutions and authorities in Norway • Enhanced institutional capacity and human resources development in public institutions, local and regional authorities in the Beneficiary States • Enhanced capacity and quality of the services provided by public institutions, local and regional authorities through enhanced institutional capacity and human resources development
	Programme area: Cross-border Cooperation Objective: Strengthened cross-border cooperation between regions on both sides of the EU external border	• Closer contact and cooperation between local and regional institutions and NGOs on both sides of the EU external border • Local and regional institutions and NGOs are enhancing knowledge and skills for developing cross-border cooperation • Mitigation of existing barriers to cross-border cooperation • Greater understanding of common cross-border challenges and opportunities • New and innovative forms of cross-border cooperation developed

	Programme Area: Public Health Initiatives Objective: Improved public health and reduced health inequalities	• Reduced inequalities between user groups • Developed resources for all levels of health care • Improved governance in health care • Strengthened financing systems • National health registries and health information systems, data management and use improved • Improved access to and quality of health services including reproductive and preventive child health care • Improved access to and quality of health services for elderly people • Life-style related diseases prevented or reduced • Improved prevention and treatment of communicable diseases (including HIV/AIDS and TB) • Improved mental health services • Improved food safety and increased access to information about food safety and health for consumers, public authorities and industry
	Programme area: Mainstreaming Gender Equality and Promoting Work-Life Balance Objective: Gender equality and work-life balance promoted	• Gender issues across policies and practices mainstreamed • Awareness raised and research on gender issues promoted • Successful national policies and best practices on gender equality exchanged • Balance between work, private and family life improved • Gender balance on company boards improved • Gender pay gap reduced • Gender equality ombudspersons/authorities established • Capacity of gender equality organisations and networks strengthened
Justice and Home Affairs	**Programme area: Domestic and Gender-based violence** Objective: Gender-based violence prevented and tackled	• Gender-based violence reduced • Domestic violence reduced • Victims of trafficking supported
	Programme area: Schengen Cooperation and Combating Cross-border and Organised Crime, including Trafficking and Itinerant Criminal Groups Objective: Increase citizen's security through improvement of the efficiency of cooperation between law enforcement authorities in the Schengen Member States in fighting organised crime, including trafficking in human beings	• Development and improvement of structures, systems and technical equipment in order to improve the implementation of the Schengen acquis • Strengthening of the cooperation between the police in the Schengen Member States • Improved capacity to prevent and combat cross-border and organized crime, including trafficking in human beings and itinerant criminal groups • Improved cooperation between the authorities and relevant stakeholders, including non-governmental organisations, in assisting victims of trafficking
	Programme area: Judicial Capacity-building and Cooperation Objective: A fairer and more efficient judicial system	• Improved access to justice, including for vulnerable persons (e.g. victims, minors, minorities) • Alternative dispute resolutions developed (restorative justice) • Improved efficiency of the court systems, including the development of systems for case handling • Increased competence of actors within the judiciary

	Programme area: Correctional Services, including Non-custodial Sanctions Objective: Improved correctional services system in compliance with relevant international human rights instruments	• Overcome challenges connected to growing prison populations and prison overcrowding • Increased application of alternatives to prison • Increased focus on vulnerable groups in prison • Improved competences of both inmates and prison staff

2.7 Cross-cutting issues

There are three cross-cutting issues under the financial mechanisms: good governance, sustainable development and gender equality (ref Protocol 38 B and Article 1.6 of the Regulations).

The planning phase is crucial for the integration of the cross-cutting issues in the Programme design. By undertaking assessments of cross-cutting issues during the planning phase, it is possible to identify challenges and obstacles that can undermine sustainability and counteract the overall objectives of the financial mechanisms.

The following sections gives guidance on how to integrate the cross-cutting issues into the Programme design.

2.7.1 Good governance

Good governance has 6 main principles; it is participatory and inclusive, accountable, transparent, responsive, effective and efficient, and follows the rule of law. Implicit in this is a zero tolerance towards corruption, that the views of minorities are taken into account, and that the voices of the most vulnerable in society are heard in decision-making.

The above-mentioned principles have the following characteristics:

- Participation and inclusiveness – participation of all relevant stakeholders, which includes both men and women, directly or through institutions (public and private).

- Accountability – in general organisations and institutions should be accountable to those who will be affected by decisions or actions.

- Transparency – decisions and enforcement are done in a manner that follows rules and regulations; information is freely available and directly accessible.

- Effectiveness and efficiency – institutions and processes produce results that meet the needs of society while making the best use of resources at their disposal.

- Rule of law – a fair legal framework that is enforced impartially, including respect of human rights, and without corruption.

Good governance is fundamental to the economic and social development process of all countries, and hence is inherently linked to the objectives of the financial mechanisms. Of the elements that threaten good governance, corruption is seen by the Donor State(s) as among the most destructive. Corruption and mismanagement cripple economic growth and development.

The principles of good governance shall complement the requirements of the Regulations, including on irregularities, as well as selection and monitoring procedures, and apply equally to the Programme and the project level. The implementation of the mechanisms shall be characterised by transparency and of openness at all phases of the programme and project cycles and there is an absolute requirement that no projects are in any way contradictory to the principles of good governance. The Donor State(s) adhere to a strict zero-tolerance policy on corruption.

Programme level: The Programme Operator shall ensure that the principles of good governance are followed by defining a management set-up that includes establishing and maintaining procedures for preventing, identifying, and managing cases of corruption and mismanagement, and that responds quickly and professionally to indications of irregularities, mismanagement and corruption.

Project level: The Programme Operator shall define procedures for ensuring that the principles of good governance are followed at the project level.

2.7.2 Sustainable development

Sustainable development is a framework for a long-term vision of sustainability in which economic growth, social cohesion and environmental protection go hand in hand and are mutually supporting.

The term "sustainable development" is defined as "…development that meets the needs of the present without compromising the ability of future generations to meet their needs."

Sustainable development aims to provide a long-term vision for society. Activities to meet present needs may still have short-term horizons, but they must in addition always include a long-term perspective. Sustainable development is an integrated concept involving all human actions down to the local level, and:

- aims to improve the quality of life of both current and future generations, while safeguarding the earth's capacity to support life in all its diversity;

- is based on democracy, the rule of law and respect for fundamental rights including freedom, equal opportunities and cultural diversity;

- promotes high levels of employment in an economy whose strength is based on education, innovation, social and territorial cohesion and the protection of human health and the environment.

<u>Environmental</u>

All Programmes must reflect environmental considerations, not only those Programmes that are specifically aimed at environmental improvements. Examples may include infrastructure projects, building activities or economic activities in different sectors. The key issue is to assess systematically the environmental impact of Programmes, to quantify them and to integrate measures to limit any negative environmental impacts resulting from the Programme.

The planning phase is crucial when it comes to environmental considerations, as key decisions relating to the Programme design might be difficult to adjust in later phases. By undertaking environmental considerations during the planning phase, it is possible to identify and avoid any harmful direct and indirect environmental impacts and to enhance environmental conditions.

The following key questions should as a minimum be considered when undertaking the environmental considerations. Will the Programme:

- use natural resources in ways that will pre-empt the use or potential future use of those resources for any other purpose?
- generate waste and hazardous waste, is this prevented and is the waste recycled/reused?
- be located in, and potentially, affect any environmentally sensitive areas such as National Parks and other protected areas, important archaeological and cultural sites, vulnerable ecosystems that provide important ecosystem services or with species threatened by extinction?
- cause soil, water or air pollution, including climate change, and are the potential direct and indirect impacts likely to be of minor or of major significance, and not easily mitigated?
- result in policy initiatives which may affect the environment such as changes in agricultural, water, energy and transport policies?

- involve the risk of accidents with potential environmental impacts (oil spills, chemical spills etc)? How is the risk reduced?
- lead to occupational health and safety risks?

Public and private projects that are likely to have a significant effect on the environment shall undertake an Environmental Impact Assessment (EIA) in accordance with the EIA Directive (Directive 85/337/EEC as amended by Directive 97/11/EC and 2003/35/EC). The Programme Operator must describe how the requirements of the EIA will be complied with.

The Programme Operator shall describe what will be done in order to reduce / minimise the environmental impact and risks, in particular energy consumption (e.g. in relation to transportation, energy use in buildings, etc) and waste generation (including wastewater). Baseline figures and target values shall be given whenever possible.

Project level: The Programme Operator shall define procedures for ensuring environmental sustainability at the project level.

Economic

All Programmes must address economic sustainable development considerations. Programmes should be assessed systematically at planning phase against the positive sustainable economic impact they will have and integrate measures to limit any negative impacts resulting from the Programme in implementation.

The following areas should be considered when assessing such impact at Programme level:
- effects in terms of economic development at national / regional / local levels;
- effects in terms of job creation;
- impact on entrepreneurship;
- capacity to create a favourable environment to the development and provision of key services;
- the cost-benefit of the Programme;
- why the required inputs are justifiable in terms of the outputs (cost-efficiency), including an assessment of costs in relation to alternative approaches; and
- if applicable, the extent to which the government at the relevant level (or other financing bodies), is prepared to continue financing the outputs of the Programme after the support from the financial mechanisms has ended.

Project level: The Programme Operator shall define procedures for ensuring that the principles of sustainable development from an economic perspective are applied at the project level.

Social

All Programmes must address social sustainable development considerations. Social dimensions of Programmes should be assessed systematically at planning phase against the social sustainable development impact they will have and integrate measures to limit any negative impacts resulting from the Programme during implementation.

An assessment of sustainable development – social should reflect upon the Programme's impact in terms of:
- building social capital;
- ensuring that priorities and needs of various groups , in terms of gender, disability, ethnicity, age, sexual orientation, and religious affiliation are respected, promoting equality and anti-discrimination;
- contributing to the fight against poverty and social exclusion, including of children;
- limiting major threats to public health**;**

- facilitating access to employment, housing, mobility, and health care; and
- facilitating access to education and skills training.

Project level: The Programme Operator shall define procedures for ensuring that the principles of sustainable development from a social perspective are applied at the project level.

2.7.3   Gender equality

Men and women must have equal rights and opportunities in all areas of society and the economy if sustainable development is to be achieved.

A gender impact assessment should be undertaken for all Programmes under the financial mechanisms. A gender impact assessment involves looking for gender relevance at every step of policy and activities, with the aim of avoiding reproducing discrimination on the grounds of gender and to promote equality between women and men.

While some Programmes can appear gender neutral in their content, in practice they may have a very differential impact on women and men, and thereby result in reinforcing existing inequalities. It is therefore important not to make general assumptions when designing Programmes, e.g. that women will automatically benefit from the planned activities under a Programme, or that the planned activities will benefit men and women equally. In a bid to overcome such challenges, Programmes under all priority areas should report on gender relevance.

> **EXAMPLE**
> *Programmes that aim to prevent or reduce life-style related diseases might appear to be gender neutral. A gender impact assessment will however reveal that men and women have a different set of vulnerabilities when it comes to certain life-style related diseases. As an example, greater biological susceptibility increases women's vulnerability to HIV transmission compared to men. Gender norms can also result in differences when it comes to access to health information and services. In the area of research, to take another example, a gender assessment will reveal the under-representation of women in science and technology and the need to promote women's participation in the planned research activities.*

Addressing the following questions can help identify some of the specific needs of women and men targeted by each Programme:

Representation and participation: Is there a different share of women and men in the Programme target group? What are their characteristics?

Access to resources: How are resources divided between men and women in your target group (time, information, money and economic power, education and training, work and career, IT and communication, social services, mobility)?

Rights, norms and values: Are there assumptions about what men and women do in the area you are targeting? How do these influence gender roles and the gendered division of labour?

After identifying these specific needs, the following methodology should then be addressed in order to ensure that gender equality is taken into consideration in all the phases of development of the Programme:

- How does the Programme take into account the identified gender-specific needs and address gender-specific conditions?
- How is the Programme in line with national policies and priorities related to gender equality?
- How does the Programme provide sex-disaggregated baseline data and indicators?
- Does the Programme include explicit budget allocations and resources towards activities targeting women / men or gender equality issues?

- How does the Programme promote equal participation within its management?

Project level: The programme operator shall define procedures to ensure that the principles of equal rights and opportunities for men and women are applied at the project level.

2.8 INDICATORS

Indicators are used as a tool to verify whether or not the Programme is achieving its expected outcome and outputs. Specifying indicators helps forming the basis of the Programme's monitoring and reporting system.

Indicators are formulated in response to the question "How do we know whether or not what was planned is actually happening or has happened? How do we verify success?"

Indicators must be objectively verifiable, i.e. when different persons using the same measuring process independently of one another obtain the same measurements. This is more easily done for quantitative measures than for those that aim at measuring qualitative change.

Indicators shall be defined during the development of the Programme proposal. The Donor State(s) may find it necessary to ask the Programme Operator to include additional indicators after the total Programme portfolio has been established. The Programme Operator must then follow the procedures for alterations in the Article 5.8 of the Regulations.

Indicators shall be independent of each other, each one relating only to either the expected outcome or to the Programme outputs. For example, indicators at the output level shall not be a summary of the activities undertaken under an output, but should describe the measurable consequence of activity implementation. The guiding principle should be to collect the minimum amount of information needed by Programme Operators to determine whether outcome and outputs are being / have been achieved. Note that indicators are just one tool of many that the Programme Operator should use in order to monitor and verify success. Assessing reports and performing reviews may be other such means (ref. chapter 7 of this Manual on Monitoring).

2.8.1   Qualitative and quantitative indicators
The standardised list of indicators consists of quantitative indicators. However, to get a full picture of the outcome or output, it may be necessary to add some more qualitative indicators.

By nature, much qualitative data are more subjective than quantitative data. While quantitative surveys can be administrated to more people in a shorter time (breadth), qualitative interviews probe for more information from fewer individuals (depth). Quantitative data gathering is often simpler and thus less costly than the qualitative. However, it is not always possible to gather quantifiable information and a qualitative approach must be taken.

2.8.2   Baseline values and targets
Baseline data refer to the initial value against which an indicator is subsequently measured. The purpose of a baseline is to measure the situation prior to the development intervention, against which progress can be assessed or comparisons made.

Normally the initial step in setting targets is to identify the baseline value. Progress cannot be measured if baseline values are not in place.

2.8.3   Source of Verification
Indicators should be measurable in a consistent manner and at an acceptable cost. The source of verification should be considered and specified at the same time as the formulation of indicators. This will help to test whether or not the indicators can be realistically measured in respect of time, money and effort.

- How the information should be collected (e.g. from administrative records, special studies, sample surveys, observation, etc) and/or the available documented source (e.g. progress reports, project accounts, official statistics, etc)?
- Who should collect / provide the information (e.g. field extension workers, contracted survey teams, the district health office, a project's management team)?
- When and how regularly it should be provided (e.g. monthly, quarterly, annually, etc.)?

In order to support institutional strengthening objectives, avoid the creation of parallel information systems, and minimize additional costs. The required information should normally be collected through existing systems, or at least through supporting improvements to existing systems. The main point is to build on existing systems and sources (where possible and appropriate) before establishing new ones.

3 COMPLETION OF THE PROGRAMME PROPOSAL

This chapter is a guide for Programme Operators when completing the Programme proposal for the financial mechanisms 2009-14.

The Programmes shall comply with the Programme areas that have been agreed in each MoU.

See chapter 2 for an overview of all Programme areas.

The Programme proposal should not exceed 30 pages, excluding Annexes.

The Financial Mechanism Office may be consulted for advice during the preparation of the Programme proposal. The purpose of this is to avoid development of Programmes in a direction that makes it necessary to significantly adjust or reject the proposal.

It is possible to use an external consultant for language vetting of the Programme proposal or the verification of the written language (English) by an external consultant, and to have these expenses reimbursed (ref. Article 7.9 of the Regulations).

3.1 Executive summary

This section shall provide a summary of the Programme proposal.

3.2 Basic information

Provide basic Programme details to identify the Programme:

- name of the Programme,

- name of Programme area addressed (refer to the MoU)

- name of the Programme Operator,

- name and country of origin of Programme partner(s) (if applicable)

An id-number will be assigned to each proposal after the Programme proposal has been received by the Financial Mechanism Office. This is the main identifier of a Programme for the Donor State(s) and shall be used in all communication and reporting with FMC on Programme level following the submission of the proposal.

3.3 Relevance of the Programme

Describe how the planned Programme fits into the overall objectives of the financial mechanisms, the objective of the relevant Programme area, as well as legislation and national priorities.

The Programme must be in line with both the overall objectives of the financial mechanisms stated in the Article 1.2 of the Regulations and the objective of the Programme areas identified in the MoU.

3.4 Programme motivation and justification

3.4.1 Challenges and needs analysis

Provide an analysis of the challenges and needs in the Beneficiary State in relation to the Programme area.

Note that the information provided here shall be directly relevant for the Programme and *not* consist of general descriptions of the situation in the Beneficiary State or the sector in general. In most cases this information should be descriptive, though maps and charts can be included as annexes to the Programme proposal.

Define and describe the challenges and needs that the Programme will address. Clearly state the target group(s) addressed by the Programme.

Document the descriptive analysis with reference to objective sources, for example statistical analysis, comparative studies, analysis of past changes, investments in the Programme area, adaptation of the sector to EU requirements, etc.

Note that this analysis shall provide a description of the baseline situation, i.e. the status before the Programme is implemented. The Programme is expected to result in improvements in the described situation.

Funding gaps, complementarities and previous experiences with other sources of funding to the Programme area, including EU-funded Programmes, shall be described in this section.

3.4.2 Public and private structures relevant to the Programme area
Describe the different parts of the Beneficiary State's public administration and/or regional and local authorities and/or private sector and/or non-governmental sector in relation to this Programme.

For example: In the environmental sector a description of the relevant public and private structure would include: the regulatory bodies at national, regional and local level, relevant legislation, private environmental institutions, NGOs and interest groups, etc.

3.4.3 Legislation relevant to the Programme area
List EU and national legislation relevant to the Programme area and the measures that will be taken to ensure the Programme will comply with the specific requirements of the listed legislation.

3.4.4 State aid and public procurement
Describe how questions regarding state aid and public procurement are relevant for the Programme and how such issues are solved.

The applicable rules on state aid and public procurement shall be complied with. Describe how public procurement regulations affect the Programme and how relevant issues are solved. Describe how state aid issues are solved for instance through state aid schemes (including timelines and references), and notifications, block exemptions, use of the *de minimis* rules, European Commission Guidelines, etc.

3.4.5 Justification for the Programme strategy
Describe the strategy of the Programme for addressing the challenges and needs described above.

With reference to the analysis in 3.4.1 – 3.4.4 above, provide the justification for the Programme strategy. Describe the strategy that forms the basis for the Programme, as well as describing why it has been chosen and how it is expected to deliver the expected results. The justification shall include information on how the Programme area specificities will be addressed.

3.5 Programme objectives and indicators
Please refer to the Article 1.5 of the Regulations for definitions of a Programme and projects.

Refer to chapter 2 of this Manual for definitions of the objective, expected outcome and outputs.

The objective, expected outcome(s) and outputs are key elements in identifying the priorities of a Programme. For this reason, when a call is held (ref. section 3.14.3 of this Manual) the identified objective, outcome(s) and outputs will be a decisive factor in the Programme Operator's selection of project proposals.

3.5.1 Objective of Programme (expected impact)
Select the Programme area covered by the proposal from the drop down list. The objective is defined by the choice of the Programme area.

The objective is defined as the long-term impact to which the Programme contributes (ref. Chapter 2 and Figure 1 above).

> **EXAMPLE**
>
> "Prevent injury and environmentally adverse effects caused by chemicals and hazardous waste."

Indicators are not required at the objective level.

3.5.2   Programme expected outcome

Select the expected outcome(s) of the Programme from the checklist (ref. Chapter 2 and Figure 1 above).

> **EXAMPLE**
>
> "Strengthened capacity to enforce and implement EU chemicals and hazardous waste legislation."

The Programme's expected outcome represents the most important result level in RBM. The expected outcome are the likely or achieved short-term and medium-term effects of the Programme (ref. Figure 1 above). It is formulated to describe the positive situation that is expected to occur at the completion of the Programme. The expected outcome remains fixed over the Programme period.

Programmes may have one or more expected outcomes.

3.5.3   Programme outputs

Define at least 2 Programme outputs for each expected outcome.

Outputs are defined as the Programme deliverables (ref. Figure 1 above) that can be guaranteed by the Programme. They are the products or services that are expected to be in place following the completed implementation of the Programme and which contribute to the achievement of the expected outcome(s). The objective, expected outcome(s) and outputs are key elements in identifying the priorities of a Programme.

> **EXAMPLE**
>
> "Control systems for handling of hazardous waste developed covering area X and Y".

3.5.4 Indicators, verification and baselines

When selecting indicators to verify the success of the Programme, it is important to select indicators that the Programme is likely to influence. For more information on indicators see Chapter 2 above.

A list of standardised indicators has been developed and the Programme Operators are asked to select relevant indicators from this list. If the standardised indicators are not suitable for measuring the achievements of the Programme, the Programme Operator must identify other suitable indicators and justify these in the Programme proposal.

The more focused the selection of projects within a Programme is, the easier it is to identify indicators that can be aggregated across projects and highlight the results of the Programme. Similarly, the more diverse a Programme's project portfolio is, the more difficult it is to aggregate the results.

Indicators for Programme expected outcomes

Define the necessary number of indicators, including baseline and target values and the source(s) of verification per outcome that objectively measure when and whether the Programme is making progress towards the outcome. Describe why and how each indicator was chosen for the Programme.

Indicators for Programme outputs

Define the necessary number of indicators, including baseline and target values and the source(s) of verification per output that objectively measure when and whether the Programme is making progress towards the output. Describe why and how each indicator was chosen for the output.

3.6 Target groups of the Programme

Identify target group(s) for each outcome. Describe also how the target group(s) are being consulted during planning and implementation.

Who is the target group to benefit in the longer run from the outcome?

A target group may be defined by population, sex, age, ethnicity, geographical location etc.

A target group may also be an institution or an institutional level, a local authority, the private sector or other.

> **EXAMPLE**
>
> Target group: The leadership and technical staff in the Pollution and waste authority in Beneficiary State X.
>
> Target group: The population drinking water from the water source Y.

3.7 Risk and uncertainty

Identify and assess the relevant risk factors that may affect the achievement of the Programme expected outcome(s). The Programme proposal shall include a risk mitigation plan.

Risk factors shall be identified and analysed for each outcome and in terms of their likelihood and impact on the successful implementation of the Programme. Focus on the risk factors that are likely to happen. Risks that are not likely to occur and that do not have negative impacts on the Programme do not need to be described. Risks that are likely to occur and that have a seriously negative impact on the Programme should be avoided by redesigning the Programme.

The risk assessment should include:

1. identification of risk factors;
2. a risk analysis where the probability of the risk factors' occurrence and the consequences they are likely to have are assessed; and
3. a risk mitigation plan that describes how the identified risks will be addressed.

3.8 Bilateral relations

Describe how bilateral relations between the Beneficiary State and the Donor State(s) will be facilitated and encouraged.

Strengthening bilateral relations is an overall objective of the financial mechanisms.

Where possible, the Programmes shall be designed and carried out in partnership with one or more public entities from the Donor State(s). Such Programmes are defined as Donor Partnership Programmes. Partnerships may also take place at the project level between Project Promoters and donor project partners, responding to the calls.

The purpose of the Donor Partnership Programmes is to facilitate networking, exchange, sharing and transfer of knowledge, technology, experience and good practise between public entities in the Donor State(s) and the Beneficiary State in order to contribute to the overall objective of the financial mechanisms.

The MoU defines some Programmes as having a specific status in supporting bilateral relations, and in some instances also require partnerships at the project level.

3.8.1   Donor programme partner(s)

Programmes may be prepared and implemented in cooperation between one or more legal entities in the Beneficiary State and one or more legal entities in the Donor State(s).

Information about the Donor programme partner (name, contact details, core competences) and its relevance to the Programme must be provided. The partner's involvement in the development of the Programme proposal must also be described. If the Programme Operator has previously cooperated with the Donor programme partner, this must be stated.

The role of the Donor programme partner as well as the scale and content of the cooperation in the Programme must be described.

3.8.2   Donor partnership projects

Projects may be prepared and implemented in cooperation between one or more legal entities in the Beneficiary State and one or more legal entities in the Donor State(s). The Programme Operator shall encourage and facilitate the establishment of such partnerships.

Donor project partnerships need to be based on an agreement in line with the requirements set out in Article 6.8 of the Regulations. Information on how the identification of potential partners is envisaged, as well as their potential role and relevance to the projects in this Programme area must be provided. In addition, the Operator shall describe the advice that will be provided on public procurement rules.

The Programme Operator shall within each Programme set aside not less than 1.5 % of the eligible expenditure of the Programme for:

a) search for partners for donor partnership projects prior to or during the preparation of a project application, the development of such partnerships, and the preparation of an application for a Donor partnership project; and/or

b) networking, exchange, sharing and transfer of knowledge, technology, experience and best practices between Project Promoters and entities in the Donor State(s).

The Programme Operator shall in this section state which of the measures (a) and (b) above it intends to make use of. If the Programme Operator intends to use both measures, it shall state and justify the split between the two measures. The structure that will be established in order to make use of the funds for this shall also be described, i.e. selection procedures and criteria for awarding support, the grant rate and the maximum grant amount, and measures in place to provide advice on and check compliance with public procurement rules.

3.9 Pre-defined projects

Identify and justify any planned pre-defined projects and describe how they will contribute to the relevant Outcome.

Pre-defined projects do not need to be selected through calls for proposals. If any pre-defined projects are proposed, they shall be listed under the relevant outcome as a separate output. Pre-defined projects may have been identified in the MoU, and additional pre-defined projects can also be included in the Programme proposal.

The following information on the pre-defined projects shall be provided as an Annex to the Programme proposal:

(a) background and justification for the project including reference to relevant public plans and priorities;

(b) objective and expected outcome(s) of the project;

(c) information on the Project Promoter;

(d) the results of feasibility studies when applicable;

(e) a timetable for implementing the project; and

(f) the financing plan showing the total planned financial resources and the planned contribution from the financial mechanisms.

3.10 Small grant schemes

Identify and justify any planned small grant scheme(s) (ref. Article 5.6 of the Regulations) and describe how they will contribute to the relevant outcome as a separate output.

Describe the purpose of the small grant scheme(s) and the target group(s). Describe how the small grant scheme will complement other measures envisaged under the Programme.

Provide technical details in respect of the small grant scheme(s) (e.g. amount of funding, plan for call(s) for proposals, selection procedures, grant rate, advance payment including information on any restrictions, maximum grant amount, procedures and the set-up for verification of payment claims, information work, advice in respect of public procurement and state aid etc).

If the management of the small grant scheme(s) is to be sub-contracted, describe the Programme Operator's requirements vis-à-vis the small grant scheme's operator(s) and how the division of tasks between the Programme Operator and the small grant scheme operator(s) is envisaged. If the sub-contractor(s) has/have not been identified, then describe how this will be done. If the sub-contractor(s) has/have already been indentified, then describe the sub-contractor(s) as well as how and on what basis this / these sub-contractor(s) has / have been identified.

3.11 Cross-cutting issues

Describe the specific measures that have been put in place to ensure that the principles of good governance are integrated in the planning and implementation of the Programme, as well as projects.

Assess how the projects positively or negatively will affect the environment. Describe the specific measures that have been / will be put in place to ensure that the environment is not harmed, and how this will be verified.

Describe how the economic sustainability of the projects will be ensured.

Describe how the social sustainability of the projects will be ensured.

Describe the specific measures that have been put in place to ensure gender equality is integrated into the planning, implementation and monitoring of the Programme and projects.

For more information on what is required in order to assess challenges and obstacles related to the cross-cutting issues, see section 2.7 of this Manual.

3.12 Project monitoring by the Programme Operator

Justify the methodology for monitoring of projects under a Programme as set out in subparagraph (f) of Article 4.7.1 of the Regulations and the principles described in Chapter 5 of this Manual.

A monitoring plan shall be provided for each year as an Annex to the Annual Programme Report. The content of the monitoring plan is described in Chapter 7.2 of this Manual.

3.13 Information and publicity

Include a Communication Plan, in accordance with the Article 4.7.2 of the Regulations, and the Information and Publicity Requirements.

With the aim of highlighting the role of the financial mechanisms and to ensure that assistance from the mechanism is transparent, the Communication Plan shall describe measures that aim at creating awareness of the existence, the objectives, the possibilities for and actual bilateral cooperation with Donor State entities, the implementation of the Programme, and the overall impact of support from the financial mechanisms to the key stakeholders and the general public.

In line with the RBM approach, emphasis in communication shall be placed on expected and actual benefits and changes, results and achievements, due to the Programme and the financial mechanisms support. Aims, target groups, activities, communication tools and timeframe shall all be described in the Communication Plan.

For more details on the obligations of the Programme Operator, refer to Article 4.7.2 of the Regulations and the Information and Publicity Requirements in Annex 4 to the Regulation.

3.14 Management

In this section, Programme Operators shall describe the entire management structure and planned implementation of the Programme. The following information must be provided:

3.14.1 Management structure

Programme Operators are responsible for preparing and implementing a Programme. This includes announcing a call, receiving and selecting projects, financial controls, monitoring and reporting. For the tasks of the Programme Operator see Article 4.7 of the Regulations.

Programme Operators shall provide information on how the Programme will be managed, specifically listing the responsibilities, roles, rights and obligations of all engaged institutions and entities within the Programme Operator's organisation. This should be based on the appropriate provisions of the Regulations. Authors shall use charts showing the management structure.

Programme Operators shall provide a list of key personnel including information on which tasks they are dedicated to undertake, and their qualifications in respect of these tasks. Provide current CVs as an annex to the proposal. This shall apply for personnel responsible for legal, financial and technical issues related to the Programme area. Administrative departments or bodies responsible for implementation of the information and publicity measures, including a contact person shall be identified.

Information about Programme partners (name, contact details, core competences) and their relevance to the Programme must be provided. The partner's involvement in the development of the Programme proposal must also be described. If the Programme Operator has previously cooperated with the Programme partner, this must be stated.

The Programme Operator of a Donor partnership programme shall establish a Cooperation Committee. The composition of the committee is described in Article 3.3 of the Regulations. The purpose of the Cooperation Committee is to establish a formal meeting place for the Programme partner when preparing and implementing the Programme. If a Cooperation Committee is to be established for the Programme, the operator shall describe the foreseen establishment and functioning of this within the Programme.

3.14.2 Timeline

A timeline shall be provided showing all major steps in the implementation, including the launch of the Programme, preparation of call(s), launch of the call(s), completion of the selection of projects, reporting cycles, information activities, involvement of entities in the Donor State(s), etc. Authors shall use text and charts to present this information.

3.14.3 Calls

This information must include the number of calls and their detailed planned timing, as well as the indicative amount being made available in each call. Any differences between calls in terms of

objectives, eligible applicants, etc, shall be highlighted. The Programme Operator shall also explain the methods of publicity planned for the calls. The calls shall be widely publicised with a view to reach all potential applicants. Any limitation on the publication shall be justified.

The minimum and maximum grant amounts for projects within the Programme shall be defined, as shall the grant rates at the project level. Eligible applicants shall also be defined. Any restrictions placed on eligibility of applicants and/or project partners shall be justified. If civil society or small and medium-sized enterprises (SMEs) are encouraged to apply, this should be stated. Refer to Article 6.3 of the Regulations for more details on calls for proposals. Calls that are open to applications for cross-border projects, and/or international organisations should specifically state so.

3.14.4 Project selection

The Programme Operator shall provide a step-by-step description of the selection processes and procedures (ref. Chapter 6 of the Regulations for further details), and which shall as a minimum contain the following information:

a) Selection Committee – the composition of the committee (ref. Article 6.4 of the Regulations);

b) selection criteria – these should be defined up front, clearly defining what aspects will be scored and weighted in the evaluation of applications, and including how they contribute to achieving the Programme's expected outcome(s) and Programme outputs;

c) administrative and eligibility compliance – including the requirements and the processes for ensuring requirements are met;

d) appraisal – information on the planned system for the appraisal of projects, including who appraise the applications from a quality control perspective in respect of relevance, planning, project design, feasibility, financial forecasting, risks, and sustainability, verification of whether the information provided is sufficient and reliable, to identify any additional information needed, and to define any necessary modifications that will contribute to an improved project;

e) communication with applicants – this should be defined throughout the selection process and whether, and in what cases, applicants may submit missing information after the closure of the call; and

f) appeal processes – including steps, timelines and reviewing bodies.

The Programme Operator shall provide information on the methods, both general and specific, of how conflict of interest situations with persons involved in the selection, verification and monitoring processes will be avoided.

3.14.5 Financial management

The Programme Operator shall be responsible for the financial management of the Programme in accordance with the Regulations and the relevant country-specific MoU.

This section shall, as a minimum, include:

- an assessment on whether projects within the Programme are likely to generate economic benefits, e.g. cost savings or increased profit;
- establishment and maintenance of a separate interest-bearing bank account dedicated to the funds intended for regranting;
- when applicable, rules on the eligibility of in-kind contribution and the unit prices for voluntary work (ref. Articles 5.4.4 and 5.4.5 of the Regulations);
- arrangements for payments from the Programme Operator to the Project Promoters, including the percentage and off-set mechanism of advance payments and any restrictions applying to

them, frequency and calculation of interim payments, and conditions and timing of final payments; and

- procedures and the set-up for verification of payment claims from Project Promoters.

3.14.6 Modification of projects
Explain the procedures envisaged to handle project modifications, including:

- procedures for dealing with amendment requests by Project Promoters;
- procedures for initiating amendments in projects by the Programme Operator;
- any limitations to modifications; and
- deadlines.

3.15 Budget

A budget for the Programme shall be provided by the Programme Operator. All amounts set out in the budget shall be shown in euro. The amounts shall be rounded to the nearest euro.

Overall figures shall be provided per budget heading, broken down to eligible expenditure and non-eligible expenditure. Eligible expenditure is further broken down per source of contribution whether the financial mechanisms or national co-financing according to the grant rate requested.

The distribution of the financial mechanism's contribution per calendar year shall be provided.

3.15.1 Budget headings
Management costs incurred by the Programme Operator are eligible in accordance with Article 7.10 of the Regulations. The management costs cannot exceed the ceiling provided in the Regulations. The Programme Operator shall include a detailed budget in a standard format in the Programme proposal, and shall provide calculations and explanations on unit costs, hourly rates, quantities used, etc.

The contribution for re-granting towards projects shall be broken down per expected outcome(s) of the Programme as defined in section 3.5.2 of the Programme proposal. The proposed budget shall be consistent with the timing of the planned calls described in section 3.14.3 of the Programme proposal.

Expenditure on funds for bilateral relations is eligible in accordance with Article 7.7 of the Regulations. Various types of activities falling under the scope of bilateral relations are foreseen in Article 3.6 of the Regulations. The allocation to the funds for bilateral relations shall not be less than 1,5 % of the eligible expenditure of the Programme. A description of the planned activities with a detailed justification shall be provided in section 3.8 of the Programme proposal.

Expenditure for complementary action is eligible in accordance with Article 7.11 of the Regulations. Costs of complementary action may not exceed 20% of the management cost for the Programme, except in the case of funds for NGOs where the ceiling shall be 30%, subject to the maximum ceiling in paragraph 4 of Article 7.10 of the Regulation. A description of the planned activities with a detailed justification shall be provided by the Programme Operator.

Expenditure related to the preparation of a Programme proposal is eligible in accordance with Article 7.9 of the Regulations. The maximum amount of eligible costs for the preparation of a Programme proposal shall not exceed 0.5% of the total eligible expenditure of the Programme or 100,000 euro, whichever is lower. Expenditures can be claimed with the first Interim Financial Report.

A reserve related to the mitigation of exchange rate losses suffered by Programme Operators and Project Promoters may be suggested in the Programme proposal (ref. Article 8.6.5 of the Regulations). A justification including a clear and transparent method of calculating exchange rate losses and their settlement shall be provided by the Programme Operator. The amount of the reserve shall not exceed 1% of the total eligible expense of the Programme.

3.15.2 Advance payment

The Programme Operator may receive an advance payment in accordance with Article 8.2 of the Regulations. The amount of the advance shall be calculated as the financial mechanism's share of justified estimated Programme expenditure for up to two full reporting periods, i.e. for up to between 4 and 8 months from the first date of eligibility of the Programme. The advance payment requested shall be broken down per budget heading and a justification shall be provided.

3.16 Overview of annexes required to the Programme proposal

I.	List of abbreviations
II.	Information on pre-defined projects (if applicable)
III.	Monitoring plan
IV.	Communication Plan
V.	Chart(s) showing the management structure
VI.	CVs of key personnel
VII.	Maps and figures (if applicable)

4 FINANCIAL REPORTING

Payments to Programmes shall take form of advance payment, interim payments, and payment of the final balance. A request for advance payment shall be part of the Programme proposal, for more details see chapter 3.15.2 of this Manual. Interim payments and payment of the final balance shall be made in accordance with Articles 8.3 and 8.4 of the Regulations. The underlying principle of the financial flow is payment of advance instalments to Programme Operators during the implementation period in order to cover estimated future expenditure, and at the same time reporting on the use of previously received funds to cover actually incurred expenditure by Programme Operators.

4.1 Interim payments

Interim payments shall be paid based on Interim Financial Reports submitted by the Programme Operator, certified by the Certifying Authority, and approved by the FMC. A standard format of the report is provided in Annex 11 to the Regulations. Each report will be customised to the specific Programme, i.e. the report will contain Programme specific data, such as contact details of the Programme Operator, financial information from previously submitted reports, applicable exchange rate, etc.

A web-based interface will allow Programme Operators to submit Interim Financial Reports, as well as Certifying Authorities to certify the reports. The interface shall provide all necessary explanations and guide to Programme Operators through all steps of completing and submitting the report.

Reports shall be submitted with a pre-defined frequency, covering three reporting periods in each calendar year:

(a) 1 January – 30 April, with a deadline for submission to the FMO on 15 July;

(b) 1 May – 31 August, with a deadline for submission to the FMO on 15 November; and

(c) 1 September – 31 December, with a deadline for submission to the FMO on 15 March the following year.

The purpose of the Interim Financial Report is twofold. Firstly, the Programme Operator shall provide a statement of actual expenditure incurred for the reporting period preceding the submission date of the report (i.e. if the submission deadline is 15 July, reporting shall cover the period 1 January – 30 April). The Programme Operator shall report separately on eligible and non-eligible expenditure incurred. All amounts in this section shall be denominated in local currency, and will be automatically converted to euro with the applicable exchange rate.

Secondly, the Programme Operator shall provide a statement for proposed eligible expenditure for the reporting period immediately following the submission date of the report (i.e. if the submission deadline is 15 July, the proposed expenditure shall cover the period 1 September – 31 December). All amounts in this section shall be denominated in euro. The FMC will disburse the grant part of the proposed expenditure, unless expenditure proposed by the Programme Operator is considered unjustified. Also the amount of any previously disbursed, but unused funds will be taken into consideration when approving the claim. In order for a payment to be approved, any conditions set out in the Regulations and the Programme Agreement must be fulfilled.

Reporting on incurred expenditure as well as on proposed expenditure shall be broken down per budget heading as set out in the Programme proposal and approved for the Programme. Appropriate budget headings for each Programme will be provided in the Interim Financial Report template. For more information on budget headings see chapter 3.15.1 of this Manual.

The Programme Operator will be able to claim the cost incurred in relation to preparation of Programmes in the first Interim Financial Report.

4.2 Final balance

The final balance shall be paid based on the calculation of the final balance in the Financial annex of the Final Programme Report, which is certified by the Certifying Authority and approved by the FMC. A standard format of the report is provided in attachment 2 of this Manual. Similarly to the Interim Financial Report, this report will also be customised to the specific Programme, and the report will be submitted by the Programme Operator and certified by the Certifying Authority through the web-based interface.

The calculation of the final balance will take into consideration on the one hand all eligible expenditure reported by the Programme Operator, on the other hand all previous payments made towards the Programme and any possible deductions, such as interest earned but not yet reimbursed, or any funds reimbursed from Project Promoters not yet reimbursed by the Programme Operator to the FMC.

In most cases the final balance will be an amount payable from the FMC to the Programme Operator, however in exceptional cases it can be an amount payable from the Programme Operator to the FMC.

A statement of actual expenditure incurred for the last reporting period will also be included in the Financial annex of the Final Programme Report. This section will follow the standard format of the same section of the Interim Financial Report.

5 ANNUAL PROGRAMME REPORT ON IMPLEMENTATION AND FINAL REPORT

The **Annual Programme Report** is prepared by the Programme Operator and shall give an overview of the implementation of the Programme with direct reference to the information provided in the Programme proposal and the requirements of the Programme Agreement. The information provided in the report shall be limited to the reporting period (the previous 12 months), without repeating what has previously been reported on.

The reports shall be submitted as set out in the MoU and the Regulations (ref. Article 5.11).

The **Final Report** shall focus on achievement of the Programme objectives, expected outcome(s) and outputs. Only the main elements of the implementation of the Programme shall be included. The reporting period is in the case of the Final Report the same as the entire Programme period (ref. Article 5.12 of the Regulations).

The main body of the report should not exceed 20 pages, excluding any attachments. The report shall consist of the sections set out below.

5.1 Executive summary

This section shall provide a short summary of the principal findings and points of the report.

5.2 Programme area specific developments

With reference to the information provided in the Programme proposal (in particular chapter 3.3), describe important developments in the Programme area, also in respect of policy, financial or administrative changes.

5.3 Reporting on outputs

Give a summary and analysis of how the selected projects have contributed or are contributing to each of the Programme outputs set out in the Programme proposal. Analyse progress towards the defined outputs, and explain any deviation from the plan.

Use the indicators that have been set to verify progress. If any reviews of projects have been undertaken, these shall also be used to verify progress. Use examples to illustrate and show progress. Focus on the most important results at output level.

Give a summary of the implementation of each pre-defined project. When projects have been completed give a summary of their actual contributions to the output targets.

Give a summary of the implementation of small grant schemes. If this is a Final Report, provide a summary of their actual contributions to the Programme output.

5.4 Reporting on Programme outcome

Analyse how the projects' and Programme's outputs contribute to the expected outcome defined in the Programme proposal. Use the indicators that have been set to verify progress. If the Programme has been subject to a review, this shall also be used to verify progress. Focus on the most important results at the outcome level.

If this is a Final Report, then report on the outcome compared to the expected outcome. Use the indicators that have been set to verify.

5.5 Project selection

With reference to the Programme proposal list the calls carried out during the reporting period. Include a summary of the call(s) and describe the level of interest.

If this is a Final Report, then provide a summary of all the calls in the whole Programme period.

5.6 Progress of bilateral relations

Give a summary of how partnerships between the Beneficiary States and the Donor State(s) have been facilitated during the reporting period. In cases of donor partnership programmes, the cooperation between the Program Operator and the donor programme partner shall be assessed. State the number of donor partnership projects, and describe what has been done to encourage the establishment of such partnership. Give a brief overview of the use of the Funds for bilateral relations at Programme level.

5.7 Monitoring

With reference to the monitoring plan for the current reporting period, describe the monitoring activities that have been carried out and give a summary of the findings.

Provide a monitoring plan for the next reporting period, following the format given in Chapter 7.23 of this Manual.

5.8 Need for adjustments

All planning is to a certain extent based on assumptions, and the assumptions made when designing a Programme plan might change over time. This might again imply a need to adjust the plan. If the Programme Operator has made use of a possibility to modify the Programme in line with Article 5.8 of the Regulations and the Programme Agreement during the reporting period, the modifications shall be described in this section.

5.9 Risk management

With reference to the risks identified in the Programme proposal, give an analysis of the situation and any mitigating actions carried out or planned. If any new risks have been identified, then they shall also be discussed in this section.

5.10 Information and publicity

With reference to the Communication Plan provided in the Programme proposal (ref. Chapter 3.13 above) give a summary of the activities carried out during the reporting period.

5.11 Cross-cutting issues

Describe how the Programme has performed (positively or negatively) in relation to the three cross-cutting issues (ref. Chapter 3.11 in this Manual), and which measures, if any, that have been put in place to improve performance.

5.12 Reporting on sustainability

If this is a Final Report, provide an assessment of the extent to which the positive effects of the Programme will continue after the funding period.

5.13 Attachment to the Annual Programme Report

Monitoring Plan, see section 7.3 in this Manual

5.14 Attachment to the Final Programme Report

Financial annex, see attachment 2 of this Manual.

6 PROJECT LEVEL INFORMATION

6.1 Requirements for standardised information

Standardised information allowing for aggregation of data is needed at project level. Programme Operators are responsible for submitting information related to each approved project. Updates and changes to this information during the projects' life cycles are also the responsibility of the Programme Operators.

Programme Operators should be aware that additional information may be requested *ad hoc* by the FMO for purposes such as surveys, reviews and evaluations, and to comply with information requests from the Donor State(s).

According to subparagraph (p) of Article 4.7 of the Regulations, Programme Operators are responsible for ensuring entry of project-specific information to maintain the information database. Disbursement of funds from the financial mechanisms is subject to the fulfilment of this requirement according to Article 12.1 of the Regulations.

6.2 Submission of information

A web-based interface will allow Programme Operators to submit and update statistical information to the FMO. The interface shall provide all necessary explanations and templates, and guide Programme Operators through all steps of submitting and updating the information. A preview of all required statistical information at Programme and project level will also be available on the website. All information shall be submitted in English.

6.3 Project Information

For each approved project, the Programme Operator shall be responsible for providing the information listed in 6.3.1 – 6.3.7 below. The Programme Operator shall use the web-based reporting system to submit specific project information:

- no later than 15 days after the conclusion of the project contract;
- no later than 15 days after amendments in projects or revision of project information;

6.3.1 Basic information
Provide basic project details

- project ID-number (Programme Operators' own);
- name of the project;
- name of Project Promoter and contact information; and
- expected start/end date of the project

In addition an ID-number specific for the financial mechanisms will be provided by the web-based interface. This is the main identifier of a project and shall be used in all communication.

6.3.2 Project partners
For other project partners, the following information shall be provided:

- name of project partners and contact information;
- country of origin; and
- information about the content of the partnership and how it will contribute to the achievement of the project's objectives.

6.3.3 Project summary
A short project summary (between 700 and 1000 characters) shall be provided for each project, including the project's expected outcome and outputs. The summaries will be made available on the

online project database for the EEA and Norwegian Financial Mechanisms (see: www.eeagrants.org and www.norwaygrants.org) and shall be made available on Programme Operator's web pages, in accordance with the requirements set out in Annex 4 to the Regulations. A template for and examples of project summaries is available in the information and reporting system.

6.3.4   Programme area specific information

The Programme Operator shall provide information specific to the Programme area the project falls under and/or the activities undertaken by the project. The categories for each Programme area will be available with explanations in the web-based interface.

6.3.5   Coding

Coding is used as a classification of the sector, the target groups and the geographical scope.

The classification of sector information breaks down the grants by sector specific thematic areas, and therefore makes possible to compare the amount spent with other international thematic codes as the DAC CODE used by OECD, and the FOI (Field of Intervention) used by the European Commission for the period 2007-2013.

The Programme Operator shall identify the main target group(s) which benefit from the project. A number of pre-defined target groups are listed, but Project Promoters shall identify other target groups when necessary.

The identification of the geographical dimension of projects is important to understand where and how the funding is distributed within the Beneficiary State. The financial mechanisms apply the NUTS coding standard system to classify geographical information. Projects may either have a local, regional or national focus, depending on the target and impact of the project activities. The lowest possible level of NUTS coding shall be applied. The web-based interface provides for a complete list of NUTS codes and respective geographical identification. Please refer to the web-based interface for the complete list with definitions, explanations and examples.

6.3.6   Financial information

For all projects, information on the grant amount and the project grant rate shall be provided. All amounts shall be denominated in euro.

6.3.7   Information on completed projects

The Programme operator shall provide supplementary information for completed projects no later than 15 days after the project completion date. This shall include:

- the final project cost;
- amount disbursed;
- summary of project results.

7 MONITORING AND REVIEWS

The overall responsibility for the Programmes lies with the National Focal Point. Monitoring in Programmes is best carried out with the Beneficiary State's own systems. However, this guide provides a general view on what tools a monitoring system may include. The day-to-day monitoring functions are however carried out by the Programme Operator.

7.1 The main tools of monitoring

A monitoring system focusing on results will offer an evidence-based foundation for decision making. Once a results framework with indicators, baselines and targets has been established, it should be linked to a plan and a system that supplies managers and other stakeholders with reliable information about what works and what doesn't. This means putting required monitoring and reporting systems in place for measuring performance at appropriate institutional or organisational levels, ensuring availability of required data sources, agreeing on frequency of monitoring, and having competent personnel to collect information and assess whether desired results are being achieved according to plan and budget.

Over the course of any project, changes are likely to occur. Change is a typical and expected part of the implementation process. Changes can be the result of necessary project design modifications, differing site conditions, materials and labour availability, contractor-requested changes, and external influences. In addition to executing the approved changes to the project, the change needs to be documented.

When changes are introduced to a project, the viability and sustainability of the project has to be reassessed. The initial goals and targets of a project must be retained. After a project has been amended, the project should be monitored by paying close attention to the reports received from Project Promoters.

The Programme Operator should plan and budget for project site visits. On-site monitoring visits are an important monitoring tool. They may be pre-determined or randomly selected depending on the requirements of and outcomes expected from the monitoring. The selection of projects to be visited on-site can be determined by the level of complexity, risk or political significance of the projects. Project site visits can be performed by internal or external representatives.

7.2 Reviews

Reviews are a tool that the Programme Operator should use to assess whether the projects under the Programme, parts of a Programme or the Programme as a whole are proceeding according to plan. Reviews focus on operational aspects of a Programme or a project, and its progress and results compared to the plan.

Reviews shall normally examine the Programme's efficiency and the extent to which the Programme develops according to plan in relation to the Programme outcome (effectiveness). It may also define potential areas of improvements. When necessary, reviews may also examine relevance, sustainability and lessons learned.

Decisions regarding the selection of projects to be reviewed can be decided by the level of complexity, risk or political significance of the projects.

The scope of reviews and whether the persons carrying out the review shall be external, internal or a joint team, are taken by the Programme Operator

7.3 Format for a monitoring plan

The monitoring of projects will normally be carried out in accordance with a monitoring plan prepared annually by the Programme Operator. The plan will be presented in the Programme proposal and thereafter revised annually in an annex to the Annual Programme Report.

A monitoring plan may contain some or all of the following elements:

a) a plan for collection and measurement of indicators;
b) any reviews planned for the period; and
c) the number of planned on-site monitoring visits.

Attachments

1. Template for the Programme proposal
2. Template for the financial annex to the Final Programme Report