

Reporting and Monitoring Guidelines

The EEA Financial Mechanism
&
The Norwegian Financial Mechanism
2004-2009

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2004-2009**

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1. INTRODUCTION

Articles 5.1, 5.2 and 7.1 of the Rules and Procedures for the implementation of the EEA Financial Mechanism and the Rules and Procedures for the implementation of the Norwegian Financial Mechanism, refer to guidelines on reporting and monitoring.

Under Article 1.4 of the Rules and Procedures for the implementation of the EEA Financial Mechanism and the Rules and Procedures for the implementation of the Norwegian Financial Mechanism and Article 4.6 of the Memoranda of Understanding on the EEA Financial Mechanism and on the Norwegian Financial Mechanism, the Focal Points are responsible for monitoring and reporting.

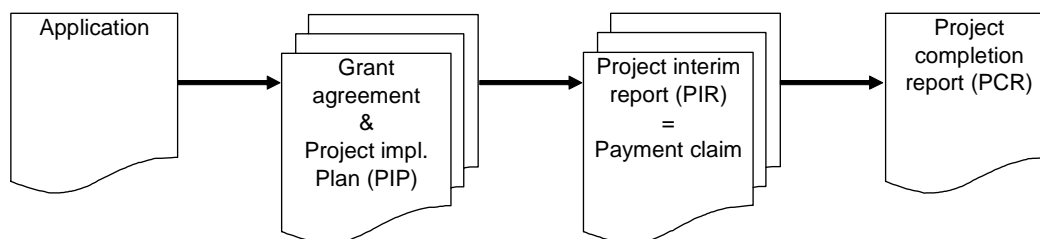
This guideline is intended to give a general overview of monitoring and reporting. The activities related to the external project monitoring carried out by the Financial Mechanism Office (FMO) are not subject of this document.

Reporting on irregularities is described in the Irregularities Guideline.

2. REPORTING AT PROJECT AND INTERMEDIARY LEVELS

The reporting and monitoring systems established in the beneficiary states should allow the Focal Point to monitor the progress of projects, provide the basis for Paying Authorities for making the disbursement requests to the FMO, provide the basis for Focal Points' reporting to the FMO both on project and on beneficiary state level, as well as facilitate the work of national control authorities.

As the reporting at project promoter and intermediary level to the Focal Point forms the basis for the Focal Point's reporting to the FMO, the reporting at project promoter and intermediary level follows the project planning and reporting structure given by the FMO, which can be illustrated as follows:



Planning and reporting templates as well as user guides will only be made available to project promoters and intermediaries that have been awarded a grant.

With the exception of reports sent by the promoters of sub-projects to intermediaries, the reports described in this Guideline have to be provided to the FMO in English.

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2.1 Project implementation plan (PIP)

The PIP is a representation of the project in a structured format provided by the FMO and completed by the project promoter or intermediary. The PIP is an annex to the Grant Agreement signed between the donors and the beneficiary state, and as such it constitutes a legally binding document. Regardless of the type of project assistance (i.e. individual project, programme or block grant), the same PIP format is to be used. It should be noted that there will always be one valid PIP per project, even if the project is financed by both the EEA and Norwegian Financial Mechanism.

The completed PIP will serve as a baseline for monitoring the performance of a project in terms of its scope, schedule and budget. It means that project interim reports (including individual payment claims) as well as the project completion report should refer to and be based on the PIP.

The FMO will generate a tailor-made PIP template for each project and send it to the project promoter or intermediary through the Focal Point. The project promoter or intermediary shall complete the PIP and return it electronically to the Focal Point, who will forward it to the FMO. The FMO will print a hard copy and attach it to the Grant Agreement prior to signature.

The project promoter or intermediary is responsible for notifying the FMO through the Focal Point about intended changes to the project. The submission of a revised PIP is required under the conditions set out in Article 4.2 of the Terms and Conditions annexed to the Grant Agreement. In such cases the FMO will generate a new PIP template containing actual figures to date, and for future periods the PIP is to be filled in by the project promoter or intermediary and returned to the FMO in the same way as the original PIP.

2.2 Project interim report (PIR)

The PIR is a structured reporting format provided by the FMO and completed by the project promoter or intermediary. The completed PIR will serve as basis for the Paying Authorities' disbursement requests to the FMO and for monitoring the performance of a project in terms of its results, schedule and actual expenses. It means that the submitted PIR (including individual payment claims) will be compared against the PIP. It should be noted that only one PIR should be completed, even if the project is financed by both the EEA and Norwegian Financial Mechanism.

The FMO will generate a tailor-made PIR template to each project and send it electronically to the project promoter or intermediary through the Focal Point. The project promoter or intermediary shall complete the PIR and return it electronically along with a signed hard copy to the Focal Point. The Focal Point certifies the project progress and indicators and forwards the certified PIR (in both the electronic and hard

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copy versions) to the Paying Authority. The Paying Authority certifies the payment claim and co-financing before it submits a request for disbursement to the FMO.

Once per calendar year the tailor-made PIR template will include an extension to be completed by the project promoter or intermediary. The extended PIR template serves as a payment claim as well an annual progress report.¹ The FMO will generate the extended PIR template when the reporting period covers the month of December.

Intermediaries will in addition provide standard reports in respect of sub-projects supported under Funds in accordance to a template provided through the FMO.

2.3 Project completion report (PCR)

The PCR is a structured reporting format provided by the FMO and completed by the project promoter or intermediary. The completed PCR provides the basis for evaluating the performance of a project in terms of its overall objective, purpose and results, its time schedule, and actual eligible expenses. It means that the submitted PCR will be compared against submitted PIRs and the latest approved PIP. The PCR will serve as the basis for the disbursement of the Grant retention amount as defined in the Grant Agreement. There will always be one valid PCR per project, even if the project is financed by both the EEA and Norwegian Financial Mechanism.

The FMO will generate a tailor-made PCR template and send it electronically to the project promoter or intermediary through the Focal Point after processing the last PIR. The project promoter or intermediary shall fill in the PCR and return it electronically along with a signed hard copy to the Focal Point. The Focal Point certifies the PCR and forwards both the electronic and hard copy versions to the Paying Authority. The Paying Authority certifies the commitment of the co-financing from the last PIR before it submits a request for disbursement of the Grant retention amount to the FMO.

3. REPORTING AT BENEFICIARY STATE LEVEL

3.1 Cooperation between the Focal Point and the FMO

The effective implementation of the EEA Financial Mechanism and the Norwegian Financial Mechanism is dependent on close cooperation between the FMO and the Focal Point. The FMO appoints staff as Country Portfolio Officers to act as the principal contact person between the FMO and the Focal Point.

¹ The reference in the Grant Agreement to the annual progress report shall be understood as a reference to the extended PIR template.

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3.2 Annual meeting

In order to ensure the effective implementation of the EEA Financial Mechanism and the Norwegian Financial Mechanism, annual meetings are held (i) between the Financial Mechanism Committee and each Beneficiary State and (ii) between Norway and each Beneficiary State, as set out in Article 5 of the respective Memorandum of Understanding. While the annual meetings for the two Mechanisms should be regarded as separate meetings, they are held jointly, and they are here referred to as the Annual Meeting. The Annual Meeting is followed by a technical follow-up meeting. Separate, bilateral meetings may be held at the time of the Annual Meeting.

The Annual Meeting shall allow the donor states and Beneficiary State to review the status of implementation of the EEA Grants and agree on any necessary measures for the next period. The approach shall be strategic, allowing for an exchange of experience to date and agreement on recommendations for the future. The Meeting will in particular provide an opportunity to amend the Annexes to the Memorandum of Understanding.

The Meeting will be attended by representatives of the donor states (including the FMO), of the Focal Point and Paying Authority. It may further be attended by representatives of any other institution closely involved in the implementation of the EEA Financial Mechanism and/or the Norwegian Financial Mechanism (e.g. members of a Monitoring Committee, of Intermediate or Auxiliary Bodies, of Intermediaries etc). Representatives of the European Commission may be invited to observe the Annual Meeting. The Meeting will normally take place once a year, although the donor states and beneficiary state may agree to a set a different frequency for the Meetings, such as allowing for two meetings per year, or for less frequent meetings.

Unless otherwise agreed between the donor states and Beneficiary State, the Annual Meeting will take place in the Beneficiary State. The Meeting's organisation is described in detail in the Annual Meeting Guide. The arrangements of the Annual Meeting are especially dependent on the content and timely delivery of the Annual Report, timely agreement on the agenda of the Annual Meeting, and timely drafting of result-oriented minutes by the Focal Point. The Annual Meeting agenda, Annual Report and the minutes of the Annual Meeting are closely interrelated.

The Meeting may, at the request of either the donor states or the Beneficiary State, be preceded by a preparatory meeting, which will take place about two weeks before the Meeting itself. A visit to one or more of the projects, funds or sub-projects financed from the EEA Financial Mechanism and/or the Norwegian Financial Mechanism will take place at the time of the Annual Meeting, usually on the following day.

3.3 Annual report

The Focal Point presents at the Annual Meeting a separate Annual Report on the implementation of each Financial Mechanism in the Beneficiary State in question, in accordance with Article 5 of the respective Memorandum of Understanding. With

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regard to issues that are common to both mechanisms, the two reports may have common parts.

The Report is of fundamental importance for understanding how the implementation of the EEA Financial Mechanism or the Norwegian Financial Mechanism is progressing and their overall aim is being achieved. The Report forms the basis of discussions at the Annual Meeting. The Report shall take a strategic approach, documenting progress and changes over the reporting period. It shall in particular provide analysis of the impact of the Mechanism at the national level and at the level of priority sector, as well as explain the contribution to national or regional development strategies.

The reporting period covers the time from the previous report, and ends no earlier than six weeks before the agreed date for the next Annual Meeting. The Annual Report must be submitted to the FMO in English at least one month before the Meeting. The FMO and the Focal Point may agree to a different reporting period.

In order to fulfil the requirements set out in Article 5 of the respective Memorandum of Understanding, the Annual Report will be structured as follows:

- an executive summary;
- a review of the implementation status;
- a summary listing of issues and recommendations.

The Report will relate facts and their analysis, results, and recommendation for adjustments in the implementation of the EEA Financial Mechanism or the Norwegian Financial Mechanism. Statistical information on applications and projects should, wherever possible, be presented also as graphs. The Annual Report should be limited to a description of progress and changes that have occurred over the reporting period, without repeating what has been reported before. The main body of the Report should be limited to about 25 pages, not counting any attachments.

The review of the implementation status should provide the following information:

- the implementation framework and regulatory environment of the mechanisms in the Beneficiary State (its implementing regulations, as well as compliance with Community Policy, i.a. on matters such as state aid, the environmental directives, and public procurement). This section should provide detail on problems encountered and proposed solutions;
- the progress in respect of the announcement of open call(s), the prioritisation of applications, grant decision and the signature of grant and implementation agreements (with emphasis on any difficulties that have arisen, or matters of interest);
- a summary review of the information and publicity activities undertaken, including the type of activities undertaken, their target group(s) and impact;
- the progress in respect of the Funds listed in Annex C to the MoU (including progress in their establishment, the progress with open calls under the Funds, and the overall progress with their implementation and the sub-projects;

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- the status of projects (including an analysis of any horizontal issues in respect of the implementation of individual projects, programmes and block grants not described in Annex C);
- an assessment by the Focal Point of the distribution of the EEA Grants among the priority sectors, a description of the overall benefit for the priority sector in question, including the impact on the respective target groups;
- an assessment of the impact of projects on the cross-cutting issues – the three dimensions of the sustainable development (environmental, economic and social – including social dialogue and social advantages/disadvantages), gender equality and good governance;
- an assessment of the effects of the projects on the bilateral relations between the EEA EFTA States and the Beneficiary State;
- a summary of commitments made and disbursements effected (including comparison of commitments against commitment ceilings, and analysis of possible problems related to absorption and/or disbursements, with suggested solutions);
- a work plan outlining the milestones for the implementation of the financial mechanisms over the next year – including open calls (including those under Funds), meetings of Monitoring and/or Steering Committees, information activities, including information on the possible timing and responsibilities.

The summary listing of issues and recommendations should reflect on the Beneficiary State's views on progress, outstanding issues, and make recommendations for the future reporting period.

The Annual Report shall also include a number of attachments:

- a list of all applications received by the Focal Point as a result of each open call, providing: the full title of the project, the name of the applicant, the name of any partner from one of the donor states, the total project cost, the amount applied for, the grant rate requested, the priority sector, and the regional distribution of the applicants. This list will already have been provided to the FMO two months after the deadline of the open call;
- graphs showing the break-down of the funding made available / committed in respect of applications received and applications prioritised, by type of applicant / project promoter, by priority sector, and by region;
- information on status, progress and issues (if any) for each project or Fund financed from the EEA Grants. This can either consist of the Annual Progress Reports described in section 2.3 of this Guideline, or include information from these Reports;
- an audit plan for the coming year, setting out the monitoring and audit activities planned by the beneficiary state for the coming year. The audit plan is discussed at the annual meeting in respect of a similar monitoring plan drawn up by the FMO (cf. External Project Monitoring Manual).

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The Annual Reports are published on the websites of the beneficiary state and of the FMO within a month of the Annual Meeting. The attachments containing the audit plan are not published.