

Seed Money

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

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1. GENERAL

Article 2.2.3.2 of the Rules and Procedures for the implementation of the EEA Financial Mechanism and the same article of the Rules and Procedures for the implementation of the Norwegian Financial Mechanism (collectively referred to as the “Financial Mechanisms”) refer to guidelines on seed money. This guideline is intended to describe the general characteristics of seed money facilities.

2. What is seed money?

A seed money facility provides small grants for the preparation of proposals for individual projects, programmes and block grants. The seed money facility is managed by a seed money intermediary.

Seed money is intended to facilitate the development of promising projects idea of high relevance to the Financial Mechanisms’ priorities and to support the preparation of applications that are to be submitted to the Financial Mechanisms, in particular to support innovative approaches, complex project themes and the establishment of new partnerships created for the purpose of designing new projects.

Seed money grants provided from a seed money facility should generally be in the range from €5.000 to €20.000 per final beneficiary.

3. Rate of grant assistance and co-financing

The seed money facility should be co-financed in accordance with the rules on the rate of grant assistance and co-financing in Article 3.2 of the Rules and Procedures.

The seed money intermediary shall generally require co-financing from the final beneficiaries.

4. Procedures for a seed money facility application

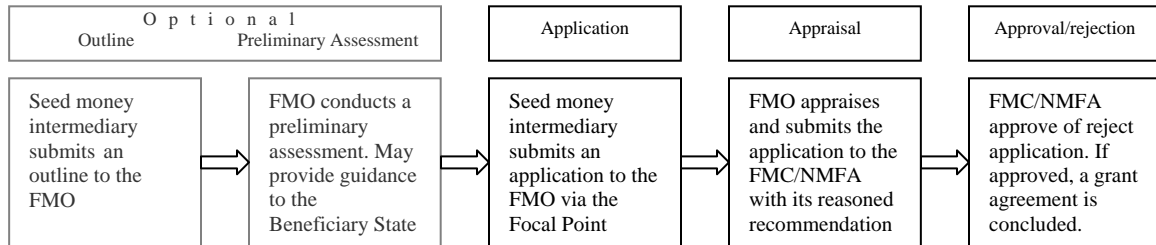
As well as acting as a seed money intermediary itself, the Focal Point may select a seed money intermediary from all public and private sector bodies and non-governmental

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organisations (NGOs) constituted as legal entities in the Beneficiary State and operating in the public interest - e.g., national, regional and local authorities, education/research institutions, environmental bodies, voluntary and community organisations and public-private partnerships. The operations of a seed money facility may also be entrusted to the Financial Mechanism Office (FMO).

In principle, the seed money intermediary should have strong ties either to the sector concerned or the geographical area in which the seed money facility is to be implemented. The seed money intermediary shall act as an accountable body for the seed money facility, assuming full responsibility for the correct implementation thereof.

Summary for seed money



The applicant, the Focal Point itself or an entity selected by the Focal Point to become a seed money intermediary, may submit an outline of the envisaged seed money facility before submitting a complete application. Full applications and outlines thereof shall be submitted to the FMO through the Focal Point.

After receiving a complete application, the FMO will assess whether the seed money facility is suitable for grant assistance and whether the suggested implementation setup is adequate. The FMO gives a recommendation for decision to the FMC and/or the Norwegian Ministry of Foreign Affairs.

The approval of the Committee and/or the Norwegian Ministry of Foreign Affairs may only be given after submission of a complete application, including the proposed implementation arrangements for the seed money facility.

If the application is approved, the FMO notifies the Focal Point. A grant agreement is subsequently concluded between the FMC and/or the Norwegian Ministry of Foreign Affairs on the one hand and the Beneficiary State on the other. If an application is rejected, the FMO will similarly notify the Focal Point.

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5 Selection of sub-projects

The seed money intermediary is responsible for ensuring proper assessment of individual applications for seed money. It shall decide on whether applications are approved or rejected.

The procedures for selection of individual applications are to be agreed on by the FMC and/or Norwegian Ministry of Foreign Affairs and the Focal Point in the grant agreement. The seed money intermediary will submit his/her initial suggestion for the selection process along with the seed money facility application. The grant assessment arrangements of the seed money intermediaries must allow effective competition to take place. The FMC and/or the Norwegian Ministry of Foreign Affairs may make suggestions for improvements of the procedure.

The system set up by the seed money intermediary must:

1. Ensure that different interests in the geographical area or sector are taken into account
2. Assure that decisions are taken in a transparent manner
3. Provide that reasoned accounts of the seed money intermediary's decisions are sent to the prospective final beneficiaries and to the FMC and/or the Norwegian Ministry of Foreign Affairs

The intermediary must widely advertise the call for applications for seed money, using different media so that organisations and individuals in the agreed target areas and groups know they are available. The intermediary should provide potential applicants with an application form.

6. Monitoring and evaluation

The monitoring arrangements for the seed money facility shall be stipulated in the grant agreement. The FMC and/or Norwegian Ministry of Foreign Affairs may revise them at any time both during and after the implementation of the seed money facility.

- The seed money intermediary shall make the appropriate arrangements on the reporting with the end recipients.
- The Focal Point shall make appropriate arrangements on reporting with the seed money intermediary.
- The Focal Point transmits at least annually progress reports to the FMO. The reports shall list all projects which have received seed money and what the result

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of that funding has been, in particular whether seed money has led to projects proposals.

- The FMO may monitor seed money facilities. For this purpose, the FMO will normally use the services of a monitoring agent to undertake external monitoring of the seed money facility, as well as conduct on-the-spot checks.
- Ex-post evaluation of the seed money facility may be carried out individually or in the context of the programming framework of the Beneficiary State in question.

7. Disbursements

The funds, necessary for the running of the seed money facility, will be entrusted to the paying authority, established by the Focal Point, in four equal advance payments a year for each year the seed money facility operates. The disbursements from the FMO to the paying authority shall be made at the request of the latter.

The paying authority shall transfer the funds to the seed money intermediary on the basis of applications for seed money grants which has been approved by the seed money intermediary. The seed money intermediary sends requests for disbursements to the paying authority, accompanied by a short description of the approved application and the full amount required for each application.

The seed money intermediary must put in place the arrangements necessary to aggregate those payments and forward to the final beneficiaries. Those payments should normally be made as reimbursements of actual expenditure, but may in justified cases be made as advance payments.

The disbursement arrangements shall be further defined in the grant agreement.

8. Financial Control and Audit

Audit and financial control is carried out in accordance with Article 6 of the Rules and Procedures of the EEA Financial Mechanism and the same Article of the Rules and Procedures of the Norwegian Financial Mechanism.