



Guideline for strengthened bilateral relations

EEA and Norway Grants 2009 – 2014

Adopted by the Financial Mechanism Committee 29.03.2012

Contents

1 Purpose of the guideline	5
2 Results framework for strengthened bilateral relations	6
2.1 Definition of strengthened bilateral relations.....	6
2.2 Expected results of bilateral cooperation	6
2.3 Results framework in a nutshell	8
3 Bilateral funds at national and programme level.....	9
3.1 Bilateral fund at national level	9
3.1.1 The aim of the fund.....	9
3.1.2 Work plan	10
3.1.3 Implementation system	11
3.1.4 Consultation and approval of the work plan	12
3.2 Bilateral fund at programme level	12
3.2.1 Seed money - measure “a”	13
3.2.2 Networking and exchange of experience - measure “b”.....	14
3.3 Other funding sources – how to avoid overlap?	15
4 Donor programme partnership	16
4.1 Donor programme partners (DPP)	16
4.1.1 The role and general tasks of a DPP	16
4.1.2 The DPP role in the implementation phase	17
4.2 The DPP framework agreements	17
4.2.1 DPP work plans.....	17
4.2.2 Description of the DPP’s role in the programme proposal	18
4.3 The Cooperation Committee	19
4.3.1 Establishing the Cooperation Committee	19
4.3.2 DPPs also acting as project partners – conflict of interest?	20
5 Donor project partnership	22
5.1 Definition of donor project partner	22
5.2 Facilitation of donor project partnerships	22
5.3 Project partnership agreements	23
5.4 Financial aspects.....	24

6	Capacity building and institutional cooperation (PA 25)	26
6.1	Suggested activities in PA 25	26
6.2	The status of the partner: DPP versus project partner	27
7	Measuring and reporting on results on the bilateral objective	28
7.1	Regular reporting	28
7.1.1	Narrative reports	28
7.1.2	Selection of bilateral indicators	29
7.1.3	Project partnership information in DoRIS	32
7.2	External reviews	33
7.3	Final remarks	34

List of abbreviations

COE, Council of Europe

DoRIS, Documentation, Reporting and Information System

DPP, Donor Programme Partners

EEA, European Economic Area

EFTA European Free Trade Association

FMO, Financial Mechanism Office

NFP, National Focal Point

PA, Programme Area

PO, Programme Operator

POM, Programme Operators' Manual

UN, United Nations

1 Purpose of the guideline

The EEA and Norway Grants (formally known as the EEA and Norwegian Financial Mechanisms) have two overall objectives; contributing to the reduction of economic and social disparities in the European Economic Area and strengthening the bilateral relations between the EEA EFTA states Iceland, Liechtenstein and Norway and the 15 beneficiary states. All programmes under the Grants shall contribute to these two overall objectives.

The present guideline provides guidance and ideas for how to plan, implement and report results towards the bilateral objective of the Grants.

Measures and tools put in place to achieve strengthened bilateral relations, such as the bilateral funds at national and programme level, donor programme partnership, specific bilateral programmes within the Norway Grants, mechanisms to facilitate donor project partnerships as well as the reporting requirements, will be further elaborated in the following chapters.

2 Results framework for strengthened bilateral relations

2.1 Definition of strengthened bilateral relations

Bilateral relations between countries often refer to political, economic, cultural and historic ties. Strong bilateral relations are characterized by cooperation between institutions and persons at administrative and political level as well as in the private sector, academia and civil society. Other elements of bilateral relations include trade and investment, cultural exchange, as well as general knowledge, understanding and public awareness about the other country and the ties existing between them.

The bonds between the countries that are party to the EEA and Norway Grants are already strong due to a common history and culture, shared values as well as geographical closeness. The engagement funded through the Grants is only one of several contributions to strengthening the relations between the donor and beneficiary states.

In the context of the EEA and Norway Grants, the operational definition of “strengthened bilateral relations” is:

Cooperation, joint results, and increased mutual knowledge and understanding between donor and beneficiary states as a function of the EEA and Norway Grants.

2.2 Expected results of bilateral cooperation

The above definition should be understood in a broad sense. It is possible to identify different types of results or outcomes for both the donor and beneficiary states, falling within different groups:

1. extent of cooperation
2. shared results
3. knowledge and mutual understanding
4. wider effects

Relevant outcomes and indicators can in principle be identified within all these groups of results. The types of outputs or indicators that make the most sense in each programmes will depend on the characteristics and ambitions of that programme.

Type 1 results: Extent of cooperation.

The EEA and Norway Grants increase the extent of cooperation between countries' institutions and individuals, at programme and project level, through formal partnerships or through more ad hoc exchange and collaboration financed by bilateral funds. The extent of cooperation between public sector entities, private sector entities and within civil society might be an interesting indicator for strengthened relations. But indicators at the next level showing what the cooperation leads to, will be even more interesting.

Type 2 results: Shared results.

The bilateral cooperation in projects and programmes represents a contribution to solving a particular issue through sharing experience, knowledge, know-how and technology and working together for joint results such as the development of policies, laws, strategies or new knowledge or practice. At the same time, these processes of working together also play a part in the strengthening of bilateral relations. A shared result means that the input from both parties was necessary to reach the result.

Type 3 results: Improved knowledge and mutual understanding.

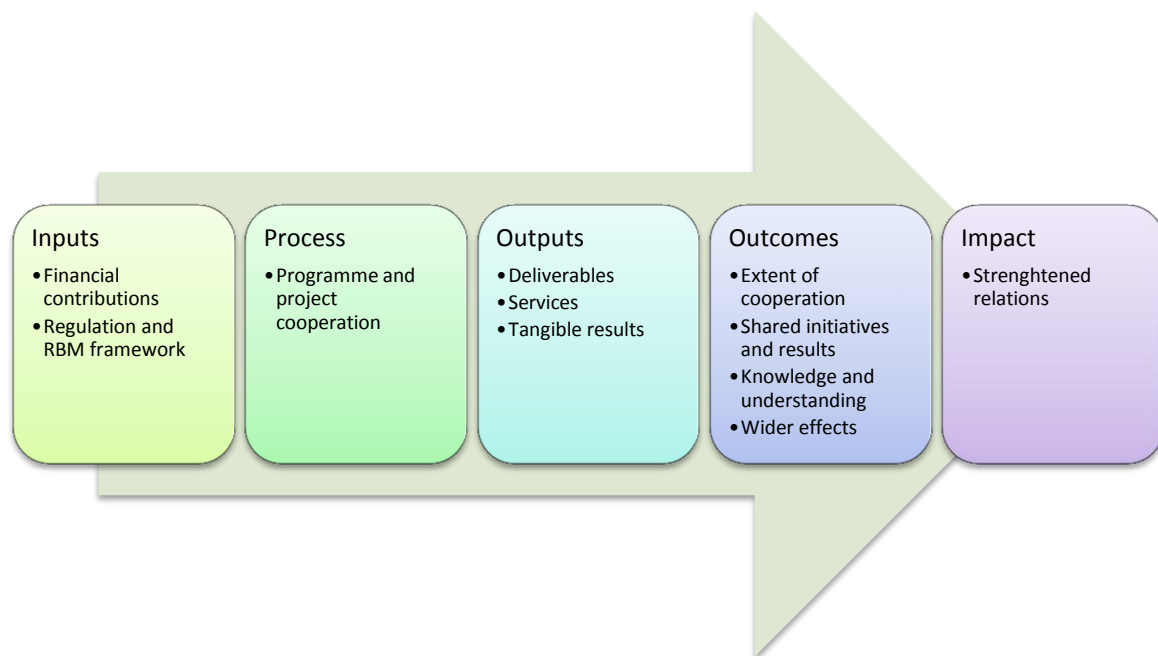
Increased cooperation and joint initiatives bring people and institutions together and create space for improved knowledge and mutual understanding between individuals, institutions, states and the wider public. Such an outcome is an important characteristic of strengthened bilateral relations. It is therefore expected that the cooperation under the EEA and Norway Grants will contribute to increased knowledge of the EU and the EEA Agreement. It will also raise the awareness about the EEA and Norway Grants and the donor states' contribution and policies to solving European challenges in the beneficiary states, as well as increased knowledge and understanding of each other's countries. This is the desired result of a process of constructive and positive engagement.

Type 4 results: Wider effects.

Wider effects might happen as a result of institutions working together and finding common ground for extending their cooperation beyond the projects and programmes. Examples could be common sector-wide initiatives, work to address common European challenges and / or joint initiatives in inter-governmental organisations. The wider effects may represent an important added value and have an impact on bilateral relations. In the area of bilateral cooperation it is important to keep in mind that there is not necessarily a proportional relationship between size of investment and magnitude of results. A small event may have a major catalytic and symbolic effect. In many cases such events and results emerge as spin-offs from joint initiatives, and can have long-lasting effects. An example could be cooperation in a programme in the environmental sector leading to subsequent common initiatives in the UN or in European fora.

2.3 Results framework in a nutshell

Cooperation is a prerequisite for strengthened bilateral relations. Such cooperation is facilitated and supported through the EEA and Norway Grants at the national, programme and project level (the process). There are expected results from such cooperation: tangible deliverables (the outputs), and wider medium term results (the outcomes), which together contribute to strengthened bilateral relations (the impact).



Bilateral cooperation shall lead to results for both cooperating partners, in particular if there is a focus on joint implementation and results through shared responsibilities between equal partners.

In line with the results framework of the EEA and Norway Grants, the objective of strengthened bilateral relations will be measured and reported on. This is further described in chapter 7.

3 Bilateral funds at national and programme level

3.1 Bilateral fund at national level

All beneficiary states shall set aside a minimum of 0.5% of the total allocation for a fund to strengthen bilateral relations between the donor states and the beneficiary states within the programme areas of the EEA and Norway Grants. The beneficiary states receiving funds from both the EEA and Norway Grants shall merge the allocations for the bilateral fund at national level into one joint fund. No co-financing is required from the beneficiary state. The fund shall be managed by the NFP.

The NFP shall submit a brief description of the proposed activities under the fund (hereinafter referred to as the “work plan”), as well as a brief description of the system to be put in place for the implementation of the fund, for the donors’ approval. The NFP should consult with the donor states and the FMO in preparing this description. The rules governing this fund can be found in Articles 3.5 and 7.7 of the *Regulation* and in the *Agreement on Technical Assistance and the Fund for Bilateral Relations at National Level*.

3.1.1 The aim of the fund

The bilateral fund at national level constitutes a flexible source of funding for initiatives of interest to both the donor and beneficiary states that will strengthen the cooperation between them. Joint activities with the Council of Europe, which is acting as DPP within the Grants, as well as joint activities between the donor and beneficiary states with other intergovernmental organisations, could also be eligible under the bilateral funds. The donors expect a strategic use of the bilateral funds at the national level. Activities can go beyond the scope of the programmes agreed in the MoU, as long as they are linked to any of the possible programme areas and agreed with the donors.

Cooperation financed by this fund could provide a platform for increased political, cultural, professional and academic relations in a broad sense. Both donor state entities and relevant national stakeholders in the beneficiary state shall be able to access and benefit from the fund for specific activities. The *Regulation* does not limit the beneficiaries of the fund to the POs or Project Promoters.

The fund is not meant to fund projects, but complementary initiatives such as conferences, workshops, study tours, studies, consultancies, information activities, as well as the preparatory activities in the programming phase preparing the ground for future cooperation in programmes and projects.

During the programme development phase, the bilateral funds at programme level will not yet be available. The fund at national level can however be used to strengthen the bilateral dimension of the programmes and prepare the ground for future cooperation.

Examples of activities that can be carried out even before the donors have approved the work plan are:

- study tours for POs or other potential programme or project partners to the donor states to get input to the programme development;
- feasibility studies for bilateral cooperation and expert advice on how to design the programme to integrate bilateral aspects;
- meetings with donor state entities defined as partners in pre-defined projects and their costs related to development of those projects;
- meetings with stakeholders and potential project partners in the donor states;
- promotional activities to attract potential project promoters and partners for partnership projects.
- Any activity priorly agreed between the donors and beneficiary state

The activities listed above clearly fall within the scope of the bilateral fund and may be approved retrospectively in the work plan. If there is any doubt to what other activities may be carried out, it is advisable to consult the donors through FMO in advance.

Under the subject areas agreed in the work plan, a number of additional activities could be carried out, such as:

- conferences and seminars on topics of common interest
- joint side events at international meetings
- technical cooperation and exchange of experts
- secondments and internships
- capacity building and short term training
- study tours and visits
- joint participation in international network organisations
- data collection, reports, studies and publications
- campaigns, exhibitions and promotional material

This list is non-exhaustive and is meant as an example of possible activities. Other activities may be agreed between the donors and beneficiary states

3.1.2 Work plan

The formal requirement of the work plan as defined in the *Agreement on Technical Assistance and the Fund for Bilateral Relations at the National Level*, refers to a brief description of proposed activities. Before identifying relevant activities, however, it is necessary to identify issues or topics of interest to both donor and beneficiary states to explore further cooperation. To assess which issues are the most relevant, it might be necessary to look at the current situation in respect of the bilateral relations with the donor states within the relevant sectors and how they can be strengthened.

Relevant questions for the preparation of the work plan will be:

- Is there a wish to consolidate existing relations or establish new ones?
- Are there on-going initiatives or upcoming events of importance for bilateral relations to build on?
- Are there European or international arenas where the beneficiary and donor states could collaborate or promote initiatives jointly?
- Could initiatives be tied to major events in the donor or beneficiary state (state visits, international chairmanships, etc.)?
- Are some sectors and areas of more interest than others?

It is important to think through the objective of what one would like to achieve with this fund. The ambitions and profile might vary from country to country, depending on:

- the size of the fund;
- the history of cooperation;
- areas of common interest with the donor states;
- the distribution of funding among the programmes agreed in the MoU.

The bilateral funds at programme level should be taken into account to seek synergies and to avoid overlap.

There is no specific template and format for the work plan. The work plan should be a broad outline of key issues and priorities, possible sectors or areas of intervention, rather than an extensive list of all possible activities for the whole period. In line with the results based management framework, the emphasis should be on the results to be achieved. It is understood that it will be difficult to outline in detail all activities that might become relevant over the whole period of the Grants. It is therefore advisable to maintain some degree of flexibility to cater for good ideas and initiatives from relevant stakeholders. If specific activities are already planned for or already carried out, they should however be included in the work plan. The plan might be more concrete for the first year than for subsequent years. The work plan shall be updated as needed, in particular in relation to the annual meetings.

3.1.3 Implementation system

The system put in place to implement the fund should be based on the principles of transparency, accountability and sound financial management, but should be simple and flexible enough not to discourage the use of the fund. The principle of proportionality applies, meaning that the basis for approving activities and budgets and making payments, contractual arrangements and justification of expenditures should be related to size of the grants. The description of the implementation system should mention who can access funding, payment procedures (advanced payments vs. reimbursement of costs), format for requests and reporting / justification of costs.

The NFP will make the decision on which activities are to be funded, in line with the work plan approved by the donors and any agreement reached in the annual

meetings. Information on the existence and the procedures of the fund shall be accessible to all relevant stakeholders, including to donor state entities.

Costs under the bilateral fund at national level are eligible from the date of the last signature of whichever MoU is signed first, when a beneficiary state receive grants from both mechanisms. This allows beneficiary states to access funding in an early phase before the programmes are approved, to lay the basis for future bilateral cooperation within the programmes. The disbursement from the donors will however only take place after the work plan has been approved, unless otherwise agreed on a case-by-case basis.

The fund can continue to support activities until the date of the last strategic report, e.g. until 31 October 2017 at the latest. The categories of eligible expenditures are specified in Article 7.7 of the *Regulation*.

3.1.4 Consultation and approval of the work plan

It is of common interest to the donor and beneficiary states to secure a strategic use of these funds. Any initiatives to strengthen bilateral relations require commitments and interest from both sides in order to lead to concrete results. An informal round of consultations between the donors and their embassies and the beneficiary states when developing the work plan is therefore advisable. The involvement of relevant actors in drawing up the work plan will also speed up the approval process.

The FMO will facilitate these consultations in close cooperation with the donor states' embassies. The NFPs are also encouraged to consult stakeholders in their country, for instance the Ministry of Foreign Affairs and relevant line ministries, to map different interests to be further discussed in the consultations. The FMO will in cooperation with the donor states embassies coordinate inputs from stakeholders in the donor states. When the work plan is finalised, it will be submitted to the donors for formal approval.

The NFP will report on the use of the bilateral fund and the results achieved in the annual Strategic Report. The implementation of the work plan will be discussed in the annual meetings where new initiatives for the coming year could also be agreed upon. The work plan may be modified and updated with the approval of the donors. In the Strategic Report the NFP should aim to describe what has been achieved by the use of the fund and to what extent the activities have contributed to strengthened bilateral relations.

3.2 Bilateral fund at programme level

All programmes shall, in line with Article 3.6 the *Regulation*, set aside a minimum of 1.5% of the eligible expenditure of the programme (including national level co-financing) for a fund to facilitate:

(a) the 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 practice between Project Promoters and entities in the donor states.

This requirement is valid for all programmes whether the programme has a Donor Programme Partner (DPP) or not.

The PO needs to describe in the programme proposal how it intends to use the fund, the budgetary split between the two measures (a) and (b) and the mechanisms established to administer the fund, e.g. selection procedures, maximum grant amounts and grant rate, criteria for awarding the funds and payments and reporting requirements. The mechanisms should be transparent and user friendly.

In donor partnership programmes, the PO should take full advantage of the DPP and involve the DPP in designing the set-up of the bilateral fund. It would be beneficial to discuss the use of the fund in the Cooperation Committee.

The PO may – after consultation with the DPP if applicable – suggest, in the programme proposal, a wider scope of the bilateral fund at programme level, involving additional beneficiaries beyond the potential and actual project promoters and their counterparts in the donor states. This would apply in cases where it is not relevant to spend the entire fund on measure (a) and (b). This will be assessed on a case by case basis.

3.2.1 Seed money - measure “a”

Both project applicants and potential donor project partners should be able to apply for the part of the funds described under (a).

The PO can thus choose to establish a “seed money facility” (a) open for applications, either through open calls for proposals at specific points of time, e.g. some months prior to the main calls for proposals, or allow for applications on a continuous basis, depending on the specificities of each programme. The seed money can for example be used for travel and meeting costs for potential partners or any costs related to the development of the project application or development of the partnership, in line with eligible cost categories defined in the *Regulation*, Article 7.7.

Alternatively, the PO could initiate and organise events and meetings funded by the bilateral fund in order to promote donor partnership projects, for instance through outreach and match making seminars for potential project applicants and potential donor project partners, to allow them to explore cooperation possibilities.

One example of how a seed money fund could be designed is given below. This is just an example. The proposed set-up of the fund should be described in the programme proposal.

Case: Cultural exchange programme with a DPP

- *The bilateral fund will be administrated by the PO*
- *The procedures for the fund will be published on the PO web page*
- *The Cooperation Committee will evaluate applications submitted to this fund.*
- *Applications can be submitted continuously without specific deadlines, no longer than until the end of 2015*
- *The fund shall facilitate cooperation projects between beneficiary and donor state institutions within the programme.*
- *Eligible applicants: Legal entities in beneficiary and donor states*
- *Eligible activities:*
 - *Taking part in partner seminars – based on descriptions of project ideas;*
 - *Travel and meeting costs for cooperating partners*
 - *Participation in promotion activities organized by the DPP prior to project applications*
 - *Other relevant bilateral activities, according to the Regulations Article 3.6.*
- *Applicants will be required to submit:*
 - *Project concept note*
 - *Description of their motivation for the activity they are applying for;*
 - *Estimated budget for the proposed activity*
- *Grant rate – up to 100%*
- *Grant size – not exceeding € 2000 per person per travel.*

3.2.2 Networking and exchange of experience - measure “b”

The second purpose of the bilateral fund (networking, exchange, sharing and transfer of knowledge, technology, experience and best practice between Project Promoters and entities in the donor states) could also be managed in different ways.

It could be organised as a fund managed by the PO where project promoters could apply for extra funding over and above the project budget, to liaise with donor state entities, participate in seminars or conferences in the donor states or organised jointly with donor states entities.

Alternatively the PO or other entities could organise events to the same effect, with the project promoters and other relevant stakeholders.

In donor partnership programmes, the PO and the DPP should agree on, and outline in the programme proposal, how the bilateral fund at programme level will be

managed and used, or alternatively discuss the use of the fund in more detail on an annual basis in the Cooperation Committee. If the programme has no DPP, the PO might consult and seek advice from the FMO and the donor state embassies, on relevant donor state entities and initiatives to be financed by the bilateral fund. The optimal use of the bilateral funds will vary from one programme to another based on the specificities of each programme. The programme proposal should therefore entail a justified description of the intended overall use, focusing on main issues and what one would like to achieve without going into detailed activities, for the donors to assess when approving the programme.

3.3 Other funding sources – how to avoid overlap?

In addition to the bilateral funds at national and programme level, the POs have the option of applying to set up a **fund for complementary actions** (Article 7.11.3 of the *Regulation*) to exchange experience with regard to the implementation of the programme across beneficiary states of the EEA and Norway Grants and/or with their DPP or other relevant entities in the donor states.

The purpose of complementary actions is twofold:

- strengthen cooperation with similar entities within the beneficiary state, in other beneficiary states, or in the donors states; and
- exchange experience with regard to the implementation of the programme.

The scope is thus wider than just strengthening bilateral relations, although it could also be used for this purpose. A relevant activity to be funded by complementary action is professional networking between the POs of similar programmes in other beneficiary states and relevant institutions in the donor states, including DPPs, to share experience, best practise and lessons learned. Complementary actions need to be planned for in the programme proposal. The total budget for complementary actions should not exceed an amount equal to 20% of the management costs of the programme, except for funds for NGOs where the ceiling might be 30%, with some restrictions. The complementary actions budget needs to be specified in the detailed budget of the programme, annexed to the programme agreement.

Moreover, the PO may incur costs up to a limit of 0.5% of the total eligible costs of the programme, or € 100,000, whichever is lower, during the **programme preparation** phase (Article 7.9 of the *Regulation*). Eligible costs would include travel to a donor state to meet with a DPP, an activity which could also be eligible under the bilateral fund at national level. This illustrates that one particular activity could in theory be funded by various sources.

The most appropriate funding source needs to be assessed on a case-by-case basis, depending on the national context and the size of the grants and various funds. The flexibility built into the *Regulation*, is meant to make sure that good activities to strengthen bilateral relations are not hampered by lack of funding possibilities.

4 Donor programme partnership

4.1 Donor programme partners (DPP)

Donor partnership programmes are one of the key measures to strengthen bilateral relations while also achieving the overall objective of reduced economic and social disparities. Programmes to be implemented as donor partnership programmes are identified as such in the MoU or later through an exchange of letter between the donor state and the NFP.

The donor partnership programmes promote professional cooperation between public authorities. It is meant to be mutual beneficial to the cooperating partners, and will hopefully have a positive impact on the programme, as the PO will have a partner with whom to exchange experience in the development and implementation of the programme

The DPPs are mostly public entities with national mandates within their respective fields and with extensive international experience. The DPPs are designated by the donor states at their initiative. The donor states may also appoint as DPP inter-governmental organisations of particular relevance to the implementation of the EEA and Norway Grants. This has been done in the case of the Council of Europe.

4.1.1 The role and general tasks of a DPP

The overall role of the DPP is derived from the tasks entrusted to the Cooperation Committee (Art 3.3 of the *Regulation*). The Cooperation Committee is the main vehicle for cooperation between the PO and the DPP. The role of the DPP will be to advise and assist the PO both during the development of the programme and in the implementation phase. The PO has however the overall responsibility for the results to be achieved in the programme.

It is expected that the DPP will be involved in the development of the strategy and design of the programme. This is one of the aspects the donors will take into account when appraising and approving the programmes. If the donors consider that the DPP has not been consulted in a substantial way, they might return the submitted proposal to the PO for further improvements.

The DPP might advise the PO on all aspects of the programme proposal including problem definition; objectives; strategy, choice of expected outcomes and target groups; indicators and baselines; possibility for donor partnership projects, procedures for open calls for proposals and project selection criteria; pre-defined projects if relevant; risk management; and the communication plan. The PO should take full advantage of the DPP when it comes to discussing the use and management of the bilateral fund. The DPP will be a resource in facilitating networking between the PO and potential project promoters and/or project partners from the donor states, advising on and reaching out to possible donor state project partners and

advising on possible activities within the programme to strengthen the bilateral aspects. These issues should be discussed in the Cooperation Committee.

On the other hand, the DPP does not represent the donor states or the FMO in the interpretation of the *Regulation* and other parts of the legal framework in respect of the EEA and Norway Grants.

4.1.2 The DPP role in the implementation phase

During the implementation phase, the DPP will through the Cooperation Committee *inter alia* assist in reviewing the progress of the programme and discuss any needs for amendments, and advice on the text for the calls for proposals. The PO can also invite the DPP to take part in monitoring and outreach activities, and will play an important role in reaching out to potential donor project partners.

The DPP shall be invited to take part in the meetings of the Selection Committee in an advisory capacity. If desired by both parties, full membership of the DPP in the Selection Committee can be proposed in the programme proposal. In addition to general advice, the DPP will be able to add value when it comes to assessing the potential donor project partners in partnership projects, who may not necessarily be known to the PO.

The DPP might also facilitate study tours for the PO or other relevant entities to the donor states, organise technical seminars or assist in outreach and communication of results, if agreed with the PO.

Beyond the concrete tasks defined in the Cooperation and Selection Committees, it is expected that the donor programme partnership will contribute to exchange of experience and capacity building both ways. In the best case, the cooperation could provide a platform for increased political and technical cooperation between the donor and the beneficiary states within the relevant sectors, going beyond the programme cooperation. These are issues that could be put on the agenda for Cooperation Committee meetings, or discussed during study tours or seminars funded by bilateral funds. Benefits resulting from the cooperation could be increased awareness and understanding by relevant policy makers in the respective sectors of the other country's sector policies and political initiatives, thus facilitating further cooperation and mutual support in the international arena.

Specific arrangements are in place for research programmes implemented as donor partnership programmes – please refer to Annex 12 of the *Regulation*.

4.2 The DPP framework agreements

4.2.1 DPP work plans

The DPPs will have their costs related to the programme cooperation reimbursed from the funds set aside for the management costs of the donor states (Article 1.8 of the *Regulation*) and should not charge any costs to the programme budget. The FMO has entered into framework agreements with the DPPs for reimbursement of their

costs. The framework agreement only sets out the general conditions for the reimbursement of costs, while the DPPs have annually to submit a work plan and budget for the following calendar year by the end of October. The work plan should be discussed with the relevant POs, and shall be based on the activities and the expected results of the cooperation agreed with the PO for the coming year.

Eligible costs are defined in the framework agreements and comprise staff costs, travel, consultancies and miscellaneous costs. The FMO will assess and approve the annual work plans and budgets within the budget frame adopted by the donors. The DPPs shall every year submit a brief progress report describing the activities carried out and a short assessment of the outcome of the cooperation, together with the financial reporting.

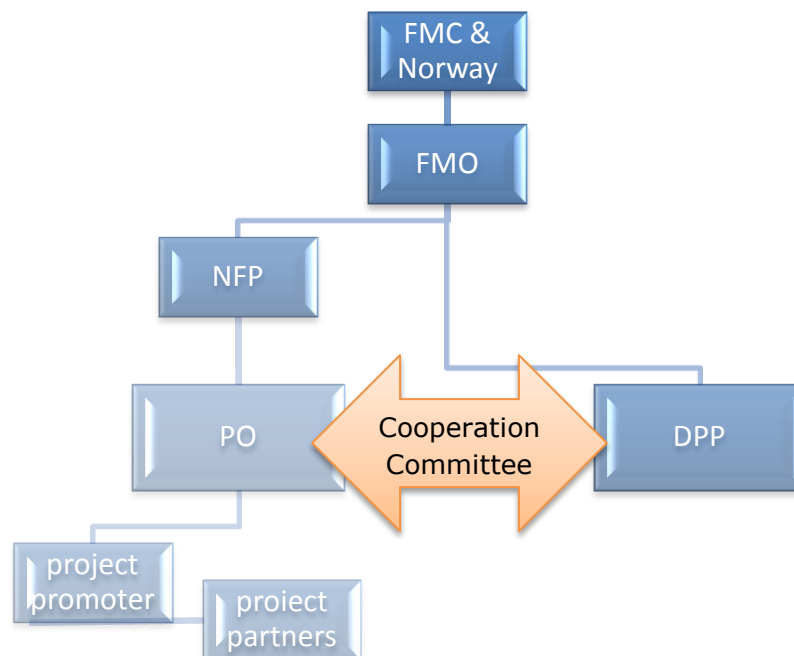
4.2.2 Description of the DPP's role in the programme proposal

There is no need for the PO to enter into any agreement with the DPP - as the basis for the cooperation is defined in the MoU and in the *Regulation*. There is however a need to agree on the ambitions, roles and working methods.

The DPPs involvement in the programme preparation, as well as the role and scope of the cooperation shall be described in the programme proposal (ref. Article 3.8.1 of the POM). The exact role of the DPP may vary in different programmes. The DPP and the PO should therefore clarify and describe the level of ambition for this particular partnership, their mutual expectations regarding roles and responsibilities of each partner, as well as working methods, taking into account the provisions laid down in the *Regulation*.

The programme proposal should also include some key information about the DPP and its relevance to the programme, as well as about previous cooperation between the PO and the DPP. If the programme has more than one DPP, the division of labour between the DPPs should also be spelled out in the programme proposal, including which institution will take on the role as lead DPP to facilitate the communication with the PO. If the DPP is also to be project partner within the programme, this has to be mentioned explicitly in the programme proposal, together with any mitigation measures proposed with a view to potential conflict of interest. The budget for the predefined project should also indicate the share of the budget earmarked for the partner.

Illustration: Contractual relationships between the actors in the EEA and Norway Grants



4.3 The Cooperation Committee

The Cooperation Committee is meant to advise both on the development and the implementation of the programme. The Cooperation Committee is also a key vehicle to strengthen bilateral relations. In addition to the tasks listed in the *Regulation*, the parties can decide to broaden the agenda to any issue of common interest to share experience and promote dialogue and cooperation, in order to provide a basis for longer-term professional cooperation and political dialogue.

4.3.1 Establishing the Cooperation Committee

To take into account the role in advising on programme preparation, it is necessary to formally establish the committee as soon as possible after the PO and DPP have been designated. As a minimum requirement, the Cooperation Committee should be established before any programme proposal is submitted to the donors, since the Committee should have the chance to review the final proposal. The PO and the DPP can, however, choose to have meetings prior to the Committee being formally established.

There is no specific requirement in the *Regulation* on how the Committee should be established, except that the PO is in charge of establishing it, bearing in mind the principles of good governance set out in Article 1.6 of the *Regulation*. The establishment of the Cooperation Committee should be discussed with the DPP in

order to reach a common understanding on its composition and working methods, e.g. how often, when and where to meet, how to set the agenda, etc.

The tasks entrusted to the Cooperation Committee are outlined in the *Regulation*. It is up to the parties to agree upon the extent to which the working method of the Cooperation Committee should be codified in formal rules of procedures / mandates. Regardless of how much is formalised, the parties should discuss and reach common agreement on the following issues:

- Membership: should there be permanent and substitute members, or could membership be flexible and decided on an *ad hoc* basis?
- How often should the committee meet?
- Should meetings alternate between the donor and beneficiary state?
- How to agree on the agenda?
- What are the deadlines for sending out documents?
- Should there be agreed minutes from the meetings?

It is up to the parties to agree on how large the Committee should be, depending on the specific needs of each programme. It is important that relevant programme partners are invited into the Committee. Both the PO and the DPP can suggest inviting experts and other relevant parties if the programme is broader than the competence area of the DPP. These could include the public authority in charge of the policy area in question, or similar relevant stakeholders, as well as other external experts from the donor and beneficiary states. The DPP and the PO should agree on the attendees. In cases where the NFP acts as PO, it is important to involve the entity responsible for the relevant policy area into the Committee. In cases where the same PO and DPP are involved in different Programme Areas, it is still advisable that two separate Cooperation Committees are established, but meetings could be organised back to back to save costs.

The NFP and the donors shall be invited as observers to the meetings, but might choose not to attend. The donors might also request the embassies or FMO to represent them in the meetings.

Costs related to the running of the Cooperation Committee shall primarily be covered from programme preparation costs (Article 7.9 of the *Regulation*) before the programme's approval, and from programme management costs (ref. Article 7.10) afterwards. Costs incurred by the DPP in this respect will be covered from the DPP budget and reimbursed to the DPP directly by the FMO. Activities fostering bilateral relations, beyond the normal scope of the Committee, could be covered from the funds for bilateral relations at national level (Article 3.5) if consistent with the work plan for that fund.

4.3.2 DPPs also acting as project partners – conflict of interest?

The substantive contribution to the programme's objective and outcomes will be carried out through projects that are selected through calls for proposals, or in exceptional cases are pre-defined in the MoU or in the programme agreement.

In some cases, in addition to its role as DPP, the DPP will also be defined as a project partner in a pre-defined project under the programme. In such cases, the institution has to make a clear distinction between its role as DPP and advisor to the PO, and its role as donor project partner to one of the project promoters. In its role as donor project partner, it has to enter into a partnership agreement in line with Article 6.8 of the *Regulation*. The costs related to the work as project partner should be covered by the project budget, and agreed in the partnership agreement.

During the programme preparation phase, the costs related to its participation in developing the pre-defined projects as part of the programme proposal will, however, be covered by the DPP framework agreements. The role as donor project partner will take effect once the programme has been approved by the donors and is ready for implementation.

Since one of the tasks of a DPP is to advise on possible donor project partners, it is not considered acceptable in terms of good governance that the DPP participates as a project partner in open calls for proposals within the programme where it acts as DPP. Pre-defined projects are not undergoing a selection process as they are mutually agreed on by the donor state and the beneficiary state either in the MoU or in the programme agreement.

In cases where the DPP is proposed as project partner in the programme proposal but not in the MoU, the programme proposal needs to clearly describe the role of the DPP in the programme as well as its role as project partner. Any actual or perceived conflict of interest of a project partner taking part in the Cooperation Committee will need to be assessed and mitigated on a case-by-case basis. It should always be borne in mind, however, that the Cooperation Committee is an advisory body while the PO has the decision-making power. The Cooperation Committee will however review the progress of implementation of the programme and the results achieved. Appropriate mitigating measures should be considered (e.g. functional division of entities involved as DPP and project partner, agreement not to discuss the specific project in the Cooperation Committee, etc.). Article 6.6 of the *Regulation* provides further guidance on conflict of interest.

5 Donor project partnership

5.1 Definition of donor project partner

All project promoters¹ need to be established as legal entities in the respective beneficiary state, or be an inter-governmental organisation operating in the beneficiary state (Articles 6.2.1 and 6.2.2 of the *Regulation*). Projects can be implemented in cooperation with project partners from the donor states – a donor project partner. A “project partner” is defined in Article 1.5.1 (w) of the *Regulation* as a public or private entity, commercial or non-commercial, as well as nongovernmental organisations, all of whose primary locations are either in the donor states, beneficiary states or a country outside the European Economic Area that has a common border with the respective beneficiary state, or any inter-governmental organisation, actively involved in, and effectively contributing to, the implementation of a project. It shares with the Project Promoter a common economic or social goal which is to be realised through the implementation of that project.

A “donor project partner” is, in line with the same definition, a “project partner” whose primary location is in one of the donor states. The primary location of entities refers to the location where the managerial and administrative centre of the entity is located (e.g. headquarters, head office, board of directors, etc.). Given the variety of potential entities under consideration and the complexity of different international structures, a decision on primary location will have to be taken on a case-by-case basis. A national section of an international NGO will in most cases qualify. Furthermore, the definition of a project partner given in the *Regulation* requires that it shares with the project promoter a common economic or social goal which is to be realised through the implementation of that project.

In order to be considered as a “partnership project”, it is necessary that the project is implemented in close co-operation with the project partner. Use of the bilateral fund to facilitate *ad hoc* exchange and expert inputs to a project promoter is not sufficient to qualify the project as a partnership project. Partnership projects are joint projects where the inputs from both partners are necessary to achieve the objectives of the project. But the degree of involvement and the content of the partner’s contribution will of course vary from one project to another.

The project partner can incur costs to be funded by the project in the same manner as the project promoter. There is a requirement for a partnership agreement.

5.2 Facilitation of donor project partnerships

In order to achieve the overall objective of strengthened bilateral relations, all Programmes should to the extent possible encourage and facilitate the establishment

¹ Except for the Global Fund for Decent Work and Tripartite Dialogue under the Norway Grants, operated by Innovation Norway, as well as scholarship and the cultural exchange programmes.

of donor partnership projects. There is no difference between donor partnership programmes and other programmes in this sense.

Some programmes will only comprise donor partnership projects, such as the programmes within Programme Area 23 Bilateral Research Cooperation, and Programme Area 25 Capacity Building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities. Partnership projects are also prominent in the scholarship programmes (PA 19 and 24) and cultural exchange programmes (PA 17). In others programmes, the partnerships are not required, but encouraged.

The programme proposal should give information about how the identification of potential donor project partners is envisaged, as well as their potential role and relevance to the programme. The PO needs however to assess whether any issues regarding public procurement rules or state aid issues will be involved.

The PO might apply to the NFP for bilateral funds at the national level to organize meetings in the donor states to identify and meet with potential donor project partners, or commission studies to identify relevant donor state partners. If the PO considers that donor partnership projects are not relevant in a given programme, this should be explained and justified in the programme proposal.

During programme implementation, some project applicants might also need help in identifying relevant projects partners, while others will be able to build on existing relationships and previous cooperation. Both the donor state embassies and relevant DPPs might be able to give advice and mobilise relevant partners. If necessary, the PO can also consult with the donors through the FMO, on the availability of relevant partners. The bilateral fund at programme level is however the most adequate tool to fund search for partners and the development of partnership projects. For NGO cooperation, the Norwegian Helsinki Committee is appointed as a coordinator to facilitate partnerships with Norwegian project partners.

5.3 Project partnership agreements

Donor project partnerships need to be based on a partnership agreement in line with the requirements set out in Article 6.8 of the *Regulation*. An agreement in English shall be submitted to the PO prior to the signature of the project contract with the Project Promoter.

In case of pre-defined projects with a donor project partner, the partnership agreement only needs to be entered into once the programme proposal has been approved, but prior to the signature of the project contract.

There is no standard partnership agreement template, but templates could be developed by the PO in each programme. The partnership agreement shall as a minimum clearly state the roles and responsibilities of the partners, the financial arrangement including which expenditures the parties can get reimbursed from the

project budget, provision on how to calculate indirect costs, currency exchange rules, audit provisions, dispute resolutions as well as a detailed budget with itemised costs and unit prices. For research projects, there is a requirement to include provisions on intellectual property rights in line with EU regulations. This could also be relevant in other projects, such as in the field of culture. It is up to the parties to decide which currency exchange rules shall apply and how to deal with exchange rate fluctuations.

5.4 Financial aspects

The eligibility of expenditures incurred by the donor project partner is subject to the same requirements as for the project promoter. The eligible direct expenditures are those identified in accordance with the institution's accounting principles and usual internal rules as specific expenditures directly linked to the project. The cost of staff should comprise actual salary and other statutory costs in line with the institution's usual policy on remuneration (i.e. gross salary). Salary costs of staff of national administrations are eligible if they are linked to activities that would not have been carried out if the project had not been undertaken. Travel and subsistence allowance should follow the institution's usual practice, but not exceed relevant national scales.

Indirect costs are also eligible, if calculated in line with the provisions given in Article 7.4 of the *Regulation*. Indirect costs are defined as all eligible costs that cannot be identified by the Project Promoter and/or the project partner as being directly attributed to the project, but which can be identified and justified by its accounting system as being incurred in direct relationship with the eligible direct costs attributed to the project. Indirect costs of the project shall represent a fair apportionment of the overall overheads of the Project Promoter or the project partner. The method of calculating the indirect costs and its maximum amount shall be determined in the project contract. The method of calculation of indirect costs of a project partner shall be stipulated in the partnership agreement between the project partners.

Proof of expenditure. Costs incurred by donor project partners shall be supported by receipted invoices, or alternatively by accounting documents of equivalent probative value. A report by an independent and certified auditor, certifying that the claimed costs are incurred in accordance with the *Regulation*, the national law and accounting practices of the project partner's country, shall be seen as sufficient proof of costs incurred by a donor project partner. The cost of the auditor's statement is eligible project costs.

Where activities are implemented in the framework of competitive tendering procedures, payments by POs, Project Promoters and project partners shall be supported by receipted invoices based on the signed contracts. In all other cases, payments by POs, Project Promoters and project partners shall be justified by expenditure actually paid by the entities concerned in implementing the project.

Procurement rules. As partners may perform a broad range of activities and receive varying amounts of compensation, it is hard to estimate which partnerships will give rise to public procurement obligations. EU rules on Public Procurement apply, in

general terms, to public contracts for the supply of goods, services or works with a value above certain thresholds. National rules generally follow the EU rules but may well vary, or set different thresholds.

The applicable rules on both state aid and public procurement should always be complied with. The PO and the project promoter are responsible for evaluating whether a partnership raises any procurement or state aid issues. This will depend on the precise nature of the activities to be performed by the partner and the value of any services provided. If necessary, the PO can contract external consultants to help clarify the application national procurement regulation within the programme.

Actual or potential project partners should be aware that they may in certain cases be excluded from participation in public tenders when they were directly involved in the preparation of these tenders, for example, through advising the project promoter on technical specifications.

6 Capacity building and institutional cooperation (PA 25)

The programme area 'Capacity-building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities' (PA 25) within the Norway Grants, is the programme area that provides for the clearest support for strengthening bilateral relations. It has some special features; it often consists of pre-defined projects and partnership at project level with Norwegian entities is mandatory. Norway and the beneficiary state can however agree that an international organisation, such as the Council of Europe, could substitute or supplement a Norwegian institution as partner in PA 25.

Institutional cooperation between Norway and the beneficiary states should aim to assist in the development of modern and efficient administrations, with the structures, human resources and management skills needed to implement their designated tasks to a high standard. The cooperation between Norway and the beneficiary states would contribute to the development of networks and exchanges of knowledge and the dissemination of best practices with regard to the programme outcomes.

Because institutional cooperation is such a central element of the programme, there is a particular need for active participation from the Norwegian and/or international project partner in the project development stage. The programme area is therefore well suited for pre-defined projects, since there is a need to identify matching institutions that are willing to engage in institutional cooperation. Cooperation projects between municipalities might however be suitable for calls for proposal. Use of the bilateral fund would be important to let the parties meet and develop joint projects prior to submission of the applications. Since the institutional cooperation will be one of the main inputs in the projects, it is justifiable that a substantial part of the project budget will be earmarked to the Norwegian partner's inputs.

6.1 Suggested activities in PA 25

The following are suggested activities within this programme area:

- Measures to strengthen institutional capacity
- Measures to strengthen human resources development
- Measures to improve the quality and accessibility of the services provided by public institutions and local and regional authorities
- Training activities
- Measures to strengthen systems such as quality assurance systems, IT-systems, etc.
- Exchange of personnel in the long-, medium- or short term

All relevant, capable and interested public institutions working within the agreed priority sectors could be eligible for this area.

6.2 The status of the partner: DPP versus project partner

Since a programme within PA 25 may consist of one or more pre-defined projects within different subject areas, the overall programme strategy might appear to be less coherent than in other programme areas, the main common denominator being capacity building and institutional cooperation. The project approach will be more prominent in this programme, but synergies among projects and programme coherence should be sought wherever possible.

Where a programme mainly consists of pre-defined projects, Norway has in most cases designated the Norwegian project partners, also to act as DPP. This allows for their participation in programme development, both to develop the pre-defined projects and the overall programme strategy. The costs related to their participation in the programming phase will be covered through the DPP budget managed by FMO.

There might however be cases where the DPP will not engage in pre-defined projects, but only give advice to the PO on the development and the implementation of the programme, including giving advice on possible donor project partners. There might also be cases where a Norwegian project partner is not designated as a DPP, e.g. it only participates as a project partner in projects selected through a call for proposals.

Because of the particularities of this programme area, the role of the DPP and the Cooperation Committee might vary substantially from one programme to another. In some cases the role of the DPP is most relevant during the programme development phase when the pre-defined project is being developed, while the bilateral cooperation during the implementation phase will rather take place through cooperation with the project promoter. The main involvement in the programme in the implementation phase will thus be as a donor project partner, and not as DPP.

In other programmes, where there are calls for proposal, the role of the DPP might be a more traditional one, where it takes part in the Cooperation Committee. Within one programme with more than one DPP, it could occur that some DPPs are more relevant for a continuous role in the Cooperation Committee than others. The role of the DPP and the need for the Cooperation Committee to meet regularly can be assessed in each programme within PA 25, and described in the programme proposal. If a Norwegian partner acts both as DPP and as a project partner in a pre-defined project under the same programme, there should be a clear split between their role as DPP and as project partner. This should be described in the programme proposal.

7 Measuring and reporting on results on the bilateral objective

Both the donor and beneficiary states will be held accountable for the objective of strengthened bilateral relations. The donor states will need to report the achievements of objectives to their parliaments. No single indicator can capture the complexity of bilateral cooperation. The reporting will therefore be based on a combination of quantitative and qualitative data and information. Information will mainly be captured through the regular reporting system, based on regular narrative and statistical reports from the main actors involved. In addition external reviews will be carried out.

7.1 Regular reporting

7.1.1 Narrative reports

According to the *Regulation*, the following annual narrative reporting requirements regarding bilateral relations are outlined:

Strategic Report from the NFP

The Strategic Report forms the basis for the discussions at the annual meeting with the donors. In this report the NFP provides:

- an assessment of the contribution of the Grants towards the reduction of social and economic disparities in the beneficiary state and towards strengthening of bilateral relations with the donor states;
- a summary of actual outputs and an assessment of progress towards expected outcomes for each programme;
- a report on the use of funds and to the extent possible the results of the bilateral fund at national level, as well as activities planned for the coming year.

The assessment of the results towards the bilateral objective should, to the extent possible, follow the typology under 2.2 above:

1. Extent of cooperation: report the numbers of donor programme partnerships and donor project partnership and analyse the role of the partnerships towards achieving the two overall objectives.
2. Shared results: Report on the main shared results (not activities)
3. Improved knowledge and mutual understanding: Assess how and to what degree the cooperation has led to improved knowledge and mutual understanding of the EU and EEA agreement, joint cooperation to solve common European challenges as well as increased knowledge and understanding of each other's countries.

4. Report and assess the wider effects of the cooperation beyond the programmes and projects.

Annual programme report from the PO

The PO shall describe “the progress in implementing the programme compared to the plans set out in the programme agreement and/or the preceding annual programme report and in achieving the expected outputs”. The POM sets out the obligation to report on the number of donor partnership projects, give a summary of how partnerships have been facilitated, and to assess the cooperation between the PO and the DPP.

Annual progress reports from the DPPs

In line with the framework agreements signed between the FMO and each DPP, the DPP will on an annual basis provide the FMO with a progress report as well report on the use of the funds allocated to them. In the progress report, the DPP will

- Assess the Programme’s achievement of outcome and outputs
- Assess risk factors that threaten achievement of outcomes
- Assess cross-cutting issues
- Assess the importance of the partnership to reach the Programme’s outcome(s) (value added of the partnership)
- Assess the partnership’s contribution to the overall objective of strengthened bilateral relations
- Report the main outputs of the partnership during the year, and where possible, the outcome of the partnership
- Report on eventual cooperation or spin offs outside the programme cooperation within the sector
- Report on challenges to be addressed
- Report on information activities and communication of results carried out by the DPP

7.1.2 Selection of bilateral indicators

As mentioned in Chapter 2, the PO should identify an output and indicators for strengthened bilateral relations. If the programme is a donor partnership programme, this should be discussed with the DPP.

The indicators may be quantitative or qualitative. The qualitative indicators will be reported in the annual narrative progress report, while the report on the quantitative indicators will be reported annually in the statistical part of the Documentation, Reporting and Information System (DoRIS).

Some of the programme area objectives and descriptions have a clear reference to bilateral cooperation. These include the programmes on bilateral research cooperation, scholarships, green industry innovation, and capacity building and institutional cooperation with Norwegian entities. For these programmes some of the existing outcomes refer to bilateral cooperation, and the indicators both at outcome and output level, are therefore likely to cover the bilateral dimension.

In each programme, the PO – if relevant in cooperation with the DPP – should define one or more indicators to reflect the level of ambition, the target, for bilateral relations. Standard indicators are described below. These indicators shall be included by the PO in the programme proposal. The quantitative indicators shall be entered through DoRIS, while the qualitative indicators shall be included in the programme proposal under item 3.5. The PO may select other indicators, but are advised to carefully select only a few indicators that will be well managed.

In donor partnership programme, one or a few outputs (the number that is considered necessary and sufficient) which reflect the level of ambition, the target for the deliverable(s) of the PO/DPP cooperation, should be included. The same applies for donor project partnerships, but these outputs are not reflected in DoRIS.

7.1.2.1 Standard quantitative indicators

Below is a list of standard quantitative indicators, that can be of use to the PO, to reflect the

- extent of cooperation
- shared results
- knowledge and mutual understanding
- wider effects

The PO may choose one or more of the standard indicators suggested below, or identify any other indicator considered to be more relevant to the programme in question.

Type 1 results: Extent of cooperation

- *Number of project partnership agreements in civil society*
- *Number of project partnership agreements in the private sector*
- *Number of project partnership agreements in the public sector*
- *Number of women/men involved in exchange visits between beneficiary and donor states*

Type 2 results: Shared results

- *Number of projects with expected shared results (both partners are involved professionally in planning and implementation and can claim credit for achieved results).*
- *Number of new policies, laws and regulations adapted, as a result of bilateral cooperation, under the grants.*
- *Number of joint (bilateral) articles published, written by persons from both an institutions in a beneficiary and donor state, published in national or international publications, originated from a project financed by the programme.*
- *Number of joint (bilateral) scientific papers written with co-researchers in at least one beneficiary and one donor state, and published in a national or international scientific publication, originated from a project financed by the programme.*
- *Number of new technologies/new practises, including IT-systems, adopted in a beneficiary state, as a result of transfer of knowledge from a donor state partner.*
- *Number of new technologies/new practices, including IT-systems, adopted in a donor state, as a result of transfer of knowledge from beneficiary state partners.*

Type 3 results: Knowledge and mutual understanding

- *Number of articles published in one country about the other partner country*

Suggestions for additional quantitative indicators are welcome.

Type 4 results: Wider effects

- *Number of replications of joint projects (or results) by other organisations in the same or another country*
- *Number of professional networks between institutions in beneficiary and donor states established and operational*
- *Number of European and international networks where project and programme partners participate together*
- *Number of joint, sector-wide initiatives, in a beneficiary or donor state, beyond the programme*
- *Number of joint initiatives in the European or international arena or multilateral organisations*
- *Number of cooperation activities or initiatives in international fora between senior decision makers / politicians, as a result of joint projects or programmes*

Wider effects might be difficult to plan for ex ante, but might be relevant to report on if they happen as a spin-off of the programme or project cooperation.

7.1.2.2 Qualitative indicators

In addition to the above quantitative indicators, some suggestions for qualitative indicators are given. Data can be gathered through surveys, interviews, focus group discussion, etc. If reliable data cannot be found, please give a qualitative assessment of the results.

Example of possible qualitative indicators:

- *Level of satisfaction with the partnership (perceived as stimulating / enriching / enabling).*
- *Improved benefits:*
- *Access to valuable professional or technical skills*
- *Access to valuable administrative and organisational skills*
- *Expanded capacity*
- *Increased access to participation in regional and international networks*
- *More international exposure and participation*
- *Level of knowledge about the other institution (structure, work programme, policies, etc.)*
- *Knowledge about the EEA and Norway Grants*
- *Understanding of the other country's cultural, political and socio-economic situation.*
- *Awareness in the donor and beneficiary states of the donor states contribution to solving European challenges in the beneficiary states.*

For all indicators defined, there will be a requirement for baseline and target figures and regular reporting on achievements towards these. The POs can either choose from the list above or define their own bilateral indicator(s).

There is also a requirement to enter a target for the number of planned project partnership into the programme proposal in DoRIS, since partnerships are encouraged in all programmes, although mandatory only in some programmes.

7.1.3 Project partnership information in DoRIS

The PO shall also provide the following planning data for each approved project through DoRIS. This need to be updated in case of project modifications, and at the closure of the project the PO should record the actual results:

- Name of donor partner institution
- Project partnership agreement date and duration
- Project partner's share of total project grant amount
- What is the project expected to achieve (the project outcome)
- Which outputs (deliverables and services) will the project deliver?
- What is the donor project partner's technical/professional contribution to the project?
- What will the partnership achieve towards the project outcome and outputs?
- What will the partnership achieve towards strengthened bilateral relations?

- Are wider effects of the partnership expected (such as meetings or international cooperation between central decision makers, wider cooperation in the sector, dissemination of knowledge and experience and other)?

This information is meant to capture how substantial the involvement of the donor project partner has been and to what extent it has contributed to achieving the objective of the project as well as wider effects on strengthened bilateral relations

7.2 External reviews

To complement the self-reporting from the PO and the DPP, as well as the analysis made by the NFP in the Strategic Report, the donors through the FMO will commission external studies at regular intervals – at start, mid-term and at the end of period - to capture the complexity of the outcomes related to strengthened bilateral relations.

Through interviews and structured questions to a representative number of respondents, it will be possible to capture the type, extent and content of the cooperation, the immediate results and the possible wider effects such as cooperation in the sector beyond the projects / programmes, as well as how the cooperation has enhanced the knowledge and understanding.

The following methods will be considered:

- *Broad stakeholder assessment - survey*

Internet based surveys based on a questionnaire covering the four categories of outcomes, including both respondents directly involved in the cooperation and respondents not directly involved, but working within the sectors relevant to the programmes. These surveys will provide a broad range of data on several indicators from project and programme partners in all countries.

- *In depth interviews and case studies by independent consultants*

Several of the indicators reflect complex processes and results particularly at the higher level – where it is not realistic to attribute results to the grants alone. Interviews could be used to test out the relevance and validity of findings and conclusions from progress reports and questionnaires. The relative importance of the EEA and Norway Grants can be described and justified. A small number of case studies could also be prepared to illustrate evidence and examples of particular interest.

- *Reviews and external evaluations*

Regular reviews and evaluations will not only cover technical aspects, but also bilateral relations. Hence, Terms of Reference for such assignment will include questions about bilateral cooperation and the extent to which bilateral relations have been strengthened.

7.3 Final remarks

The Guideline has been adopted in accordance with Article 13.4.3 of the *Regulation*. The Guideline contains references to relevant articles of the *Regulation*, but this does not dispense the user from having to refer to the *Regulation*, which will apply in the case of inconsistency. Special note should be taken of Annex 9 to the *Regulation*, the *Programme Operators' Manual (POM)* which should be read in parallel with this Guideline.

The following documents constitute the legally binding framework which applies to, and is not replaced by, the present guideline:

- *Protocol 38b to the EEA Agreement and the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period 2009-2014;*
- *the Regulation on the implementation of the European Economic Area (EEA) Financial Mechanism 2009-2014 and the Regulation on the implementation of the Norwegian Financial Mechanism 2009-2014 (the Regulation).*
- the Memorandum of Understanding (MoU) agreed between the donor state(s) on the one hand, and each beneficiary state on the other.

ANNEX 1

Overview of funding sources for strengthened bilateral relations

Funds for bilateral relations at national level

- Legal basis: Articles 3.5 and 7.7 of the *Regulation*, the MOU and the *Agreement on Technical Assistance and the Fund for Bilateral relations at the National Level*. The NFP shall, no later than two months after the signature of the agreement, submit to the donors for approval a brief description of the proposed activities under the fund as well as the system to be put in place for the implementation of the Fund (“work plan”).
- Allocation: Min 0.5% of the beneficiary state’s total allocation, exact amount decided in the MoU. The allocation from EEA and Norway Grant should be merged in one joint fund for bilateral relations at the national level. No beneficiary state co-financing is required.
- Managed by: The National Focal Point
- Main purpose: Flexible source of funding for initiatives of interest to both the donor and beneficiary states that will strengthen the cooperation between them. During the programme development phase the fund might be used for activities to strengthen the bilateral profile of programmes and prepare future bilateral cooperation.
- Eligible activities: Activities in line with Article 7.7, agreed in the work plan approved by the donors.
- Dates of eligibility: As of the date of the last signature of the MoU, referring to whichever MoU is signed first in case of contributions from both Financial Mechanisms, until the deadline for last strategic report, which is no later than 31 October 2017.

Funds for bilateral relations at programme level

- Legal basis: Articles 3.6 and 7.7 of the *Regulation* and the programme agreement.
- Allocation: Min 1.5% of the total programme costs, including the grant and national co-financing. The exact allocation will be proposed in the programme proposal and set in the programme agreement.
- Managed by: The Programme Operator

Main purpose:	Facilitate project partnerships with donor state entities as well as networking and exchange of experience between project promoters and donor state entities. The PO shall describe the structure it will establish in order to make use of the funds, including selection procedures and criteria for awarding support, the grant rate and the maximum grant amount in the programme proposal.
Eligibility dates:	From the date FMC / NMFA approves the programme until the deadline of submission of the final programme report, e.g. 30 April 2017.
Eligible activities:	Activities in line with Article 7.7 and as defined in programme agreement.

Complementary actions

Legal basis:	Article 7.11 of the <i>Regulation</i> , programme agreement.
Allocation:	No minimum requirement. The total amount should however not exceed an amount equal to 20% of the management costs of the programme (exception for NGO funds where the ceiling might be higher, ref Art 7.11.3). The complementary actions budget need to be specified in the detailed budget of the programme, annexed to the programme agreement.
Managed by:	The Programme Operator
Main purpose:	The scope of the funds for complementary actions is wider than strengthening bilateral relations. The purpose is twofold: <ul style="list-style-type: none">- strengthen cooperation between PO and similar entities in other beneficiary states or donors states- exchange of experience with regard to the implementation of the programme
Eligibility dates:	From the date FMC / NMFA approves the programme and throughout the implementation of the programme.

Donor programmes partners (DPP) budget

Legal basis:	Articles 1.8, 3.2, 3.3 of the <i>Regulation</i> , Framework agreements entered into between FMO and each DPP, Terms of Reference for Donor Programme Partners
Allocation:	The costs of the Donor Programme Partners will be funded within the total allocation set aside for the management costs of the donor states.
Managed by:	The Financial Mechanism Office (FMO)

Main purpose:	Fund the participation of DPPs in the preparation and implementation of the programmes, including their costs related to participation in the Cooperation Committee, Selection Committee and other meetings and events.
Eligibility dates:	To be defined for each DPP in the framework agreements entered into with the FMO.
Eligible activities:	The main cost items will be staff costs and travel. The role of the DPP is partly defined in the <i>Regulation</i> , but should be further specified in the programme proposal to be developed jointly between the Programme Operator and the DPP, and in the annual DPP work plan to be approved by FMO.

Donor project partners

Legal basis:	Article 1.5 (c) and (w), 3.4, 6.8 and 7.13.3 of the Regulations, project implementation contract and partnership agreement.
Allocation:	As defined in the partnership agreement between the Project promoter and the donor project partner, in line with the project implementation contract between the PO and the project promoter.
Eligibility dates:	The eligibility dates are set out in the project contract, but may not exceed the parameters set out in Article 7.14 of the <i>Regulation</i> .
Eligible activities:	The eligibility of expenditure incurred by a donor project partner is subject to the same limitations as expenditures incurred by the Project Promoter.

ANNEX 2

Tasks related to promoting strengthened bilateral relation

Main tasks NFP

- Sign Agreement on Technical Assistance and the Fund for Bilateral relations at the National Level ("TA Agreement"). Deadline: as soon as possible after MOU enters into force.
- Consult national stakeholder and donors and submit a work plan and description of implementation system for bilateral fund at national level. Deadline: Two months after signature of TA agreement.
- Manage bilateral fund at national level. Deadline: continuous
- Provide information on the existence of the Grant in the beneficiary state, its objectives (including cooperation with donor state entities), implementation and overall impact. Deadline: continuous
- Ensure that the programmes are implemented in accordance with the Regulation and monitor the progress and quality of their implementation. Deadline: continuous
- Annual strategic report: assess the contribution of the Grant towards strengthening of bilateral relations with the donor states, and report on the use of the bilateral fund at national level. Deadline: as agreed in MoU
- Participate as observer in Cooperation Committees, as requested.
- Participate in bilateral events, as requested.

Main tasks PO (in programmes involving a DPP)

- Establish Cooperation Committee. Deadline: as soon as possible after being appointed, and at the latest before submission of the programme proposal.
- Work together with DPP to develop the programme proposal. Deadline for submission to the FMO: within 8 months after being designated, At the latest 31 January 2013.
- Hold Cooperation Committee meetings.
- Describe in programme proposal
 - Ambitions for the cooperation with DPP;
 - Plan for how to promote donor project partnerships, including target for number of partnerships;
 - Use and management of bilateral fund at programme level;
 - Define output and indicator(s) for strengthened bilateral relations.
- Programme implementation: facilitate bilateral cooperation and exchange at programme and project level.
- Reporting: statistical reporting through DoRIS and annual progress reporting.

Main tasks PO (in programmes not involving a DPP)

- Develop programme proposal, including bilateral aspects. (If necessary the donor state embassies or FMO can be consulted on possible donor project partners and use of the bilateral fund). The fund for bilateral relations at national level can be eligible for study tours to donor states and meetings with potential donor project partners. Deadline for submission to the FMO: within 8 months after being designated, at the latest 31 January 2013.
- Describe in programme proposal
 - Plan for how to promote donor project partnerships, including target for number of partnerships;
 - Use and management of bilateral fund at programme level;
 - Indicator for strengthened bilateral relations.
- Programme implementation: facilitate bilateral cooperation and exchange at programme and project level
- Reporting: statistical reporting through DoRIS and annual progress reporting.

Main tasks DPP

- Participate in Cooperation Committee and provide advice on preparation and implementation of the Programme, including
 - programme strategy, procedures for open calls and project selection criteria; possible pre-defined projects, donor partnership projects, budgets, risk management; communication;
 - activities to strengthen the bilateral aspects and making good use of the funds for bilateral relations.
 - advising the text for calls for proposals; and participate in Selection Committee meetings (in advisory capacity or as full member)
 - reviewing progress, annual programme reports as well as the draft final report; and advising the PO of any revision of the programme likely to facilitate the achievement of the programme's expected outcomes and objectives.
- Contributing to exchange of experience and capacity building.
- Facilitating study tours, technical seminars.
- Participating in the follow up of the communication plan of the programme, especially with regard to the target groups in the Donor State.
- Submit annual work plan to FMO. Deadline: 31 October every year.
- Submit annual progress report to FMO. Deadline: 15 February every year.