

NGO Grants Guideline

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

(From 23 August 2006, as amended on 29 August 2007)

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1. GENERAL

Article 2.2.3.3 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 refer to guidelines on NGO grants. This NGO Grants Guideline describes the general characteristics pertaining to such grants, which are made within NGO funds.

The EEA EFTA states recognise that non-governmental organisations (NGOs) are an important component of a democratic society and that it is necessary to give special attention and support to their work and development. They are therefore not only eligible applicants as individual project promoters or block grant / programme intermediaries, but may also apply for support provided through block grants, including specific NGO grants.

In respect of the financial mechanisms, the EEA EFTA states use the term NGO to include:

- voluntary, self-governing organisations not subject to direction by public authorities, independent of political control and established under the legal system of the beneficiary state (e.g. foundations, associations, charities, societies, trusts, etc.);
- social partners (employers organisations and trade unions); and
- certain independent organisations enjoying a specific legal status (e.g. the national Red Cross societies).

The definition does not include political parties. The NGOs should be organisations functioning on a not-for-profit basis.

1.1 *What are grants from NGO funds?*

Grants from NGO funds (NGO grants) are made available to finance the projects of end-recipient under the rules of the EEA and Norwegian Financial Mechanisms.

NGO grants are an additional form of grant assistance adapted to the needs of NGOs. These typically include a smaller size of project, the need of independence from government structures, and the need to simplify and expedite the application process.

NGO grants are dispensed through an NGO fund or similar block grant intended for NGO applicants. The fund is set up in the beneficiary state and operated by an NGO fund intermediary. The intermediary will normally have close and established ties with the NGO community in the beneficiary state. It will have grant making experience, preferably in the specific priority field(s) of the NGO fund.

The priority field(s) of the NGO fund will be in line with the objectives of the financial mechanisms to support social and economic cohesion and will not run against European Union objectives. The priority field(s) will broadly follow the priority areas of the financial mechanisms, and may include both projects in support of the priority areas, as well as grants to strengthen civil society as a whole, or individual NGOs, in the beneficiary state.

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The intermediary will be responsible to the Focal Point and the Financial Mechanism Committee and/or the Norwegian Ministry of Foreign Affairs for the implementation of the NGO fund.

The Focal Point, the Financial Mechanism Committee and the Norwegian Ministry of Foreign Affairs may agree to entrust the operations of an NGO fund to the Financial Mechanism Office (FMO), which would normally appoint and contract an external body to implement the fund (operator). In such cases, the provisions of this guideline, as well as provisions of the Rules and Procedures and other guidelines related to the, preparation, application process, disbursements, monitoring, irregularities, reporting, and publicity, do not apply. Instead, the roles and responsibilities of the FMO and the operator shall be governed by an agreement between the FMO and the operator, which shall as far as possible follow the general principles set forth in this guideline.

The NGO fund will be set up with contribution from the EEA and/or the Norwegian Financial Mechanism. The EEA EFTA states and the beneficiary state will agree to what extent the beneficiary state will contribute to the fund, taking into account the benefits of such a contribution.

The EEA Financial Mechanism and the Norwegian Financial Mechanism are intended to create additional benefits for the beneficiary states. They provide an additional source of funding and will not replace financial support from other sources including local grants, subsidised facilities, bank loans or export credits. Accordingly, NGO grants should complement and must not replace existing activities supported by European Community funding and other financial sources.

1.2 Eligible applicants

All non-governmental organisations constituted as legal entities in the beneficiary states and operating in the public interest can apply for NGO grants. The beneficiary state, the Financial Mechanism Committee and/or the Norwegian Ministry of Foreign Affairs can agree to set certain requirements as to the financial standing and experience of the applicant.

1.3 Rate of grant assistance and co-financing

The grant rate of the support from the EEA and Norwegian Financial Mechanism to the fund will normally be 90%. The remaining 10% will come from other sources, normally from within the beneficiary state. In exceptional cases, where the requirement of a contribution from within the beneficiary state to the fund might prevent its establishment, and the fund is of high relevance to the aims of the financial mechanisms, the Focal Point can request a grant rate of up to 100% of the fund.

The grant rate to NGOs applying for NGO grants will be up to 90%. The remaining 10% will be assured by the end-recipients either from their own resources or from other funding. Part of the co-financing from end-recipients may be in-kind, as set out in the Detailed Eligibility Provisions - Expenditures Guideline (section 2.2) and the grant agreement for the NGO fund.

In accordance with Article 3.2 of the Rules and Procedures, the EEA Financial Mechanism and the Norwegian Financial Mechanism will, whenever possible, be applied in combination to support NGO grants.

1.4 NGO fund intermediary

The NGO fund will be managed by an NGO Fund intermediary, which will be an independent legal entity with strong ties to the NGO community in the beneficiary state and with grant-making experience. The Focal Point may seek to agree a different, duly justified arrangement with the FMO. The intermediary will be responsible for the implementation and management of the NGO fund. These responsibilities include, but are not limited to:

- (a) the organisation of calls for proposal, including responding to questions from potential applicants, conducting seminars for NGOs and publishing instructions to the applicants, including the selection criteria;
- (b) the setting up of an independent selection committee, which may be chaired by the intermediary, and is composed of relevant sectoral experts. The committee evaluates applications and makes recommendations as to their suitability for funding from the fund;
- (c) the conclusion of implementation agreements with end-recipients;
- (d) ensuring reporting from end-recipients and drafting of summary reports for submission to the Focal Point and the FMO in line with the requirements of the Beneficiary State Reporting and Monitoring Guideline; the reporting by the intermediary must include a summary of the reasoned accounts of the decisions in respect of each application;
- (e) the assurance of publicity measures regarding the NGO fund itself, as well as for making the requirements and procedures to receive funding publicly available using appropriate means to reach the NGO community, including a website. The website must be updated regularly, and include information about the fund, the intermediary including contact information, news, relevant documents, information about supported NGO grants, an overview over supported end-beneficiaries, including their contact information, and links to relevant websites, including the EEA grants website www.eeagrants.org. The website must also contain summary information about the fund in English, including a description of the fund, contact information, information on supported NGO grants and an overview over supported end-beneficiaries sorted by their field of work, including their contact information;
- (f) the verifiable management of the funds, including financial accounting, verification of financial documents and payment requests, as well as on-the-spot checks;
- (g) the collection and review of project completion reports;
- (h) the archiving of all documents relevant to the NGO fund in accordance with Article 6.1 of the Rules and Procedures.

1.5 Establishment of the fund

The Focal Point and the FMO will closely co-operate in the design of the requirements for the administrative set-up of the fund. The NGO community in the

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beneficiary state will normally be consulted as to its thematic and operational preferences in respect of the fund.

After selection of the NGO fund intermediary through an open call, or the direct appointment of the intermediary by the Focal Point following consultation with the FMO and donors, a completed application form is sent by the intermediary to the FMO via the Focal Point.

The application will include the description of the management set-up of the fund as described in sections 2.2 through 2.6 of the Block Grants Guideline. The system must:

- (a) ensure that different interests in the geographical area or sector are taken into account;
- (b) assure that decisions are taken in a transparent manner;
- (c) define disbursement and accounting arrangements, including those for managing advance payments;
- (d) ensure monitoring arrangements in respect of the NGO grants and to the Focal Point and FMO, including through provision of statistical information on the purpose and thematic NGO grants in line with the reporting format provided by the FMO.

The Focal Point will provide applicants for the intermediary position with the information necessary to ensure their application reflects requirements regarding the management of public funds in accordance with national regulatory requirements. These requirements must, however, be adapted to ensure their proportionality to the size and character of the NGO grants.

The FMO will assess whether the proposed arrangements regarding the NGO fund are suitable for grant assistance. As part of its appraisal of the application, the FMO will pay particular attention to the implementation set-up suggested. The set-up must ensure both effective grant-making to end-recipients and the safeguarding of proper use of the funds. The FMO gives a recommendation for decision to the Financial Mechanism Committee and/or the Norwegian Ministry of Foreign Affairs.

Following approval of an application by the Financial Mechanism Committee and/or the Norwegian Ministry of Foreign Affairs and signature of the required grant and implementation agreements, the intermediary will proceed to select the NGO grants through open calls for project applications.

Where there is more than one intermediary for an NGO fund in one beneficiary state, the various intermediaries will cooperate to avoid duplication of effort, exchange experience in respect of applicants and end-recipients, and ensure coherent publicity in respect of the financing of the NGO fund from the financial mechanisms.

2. Project cycle

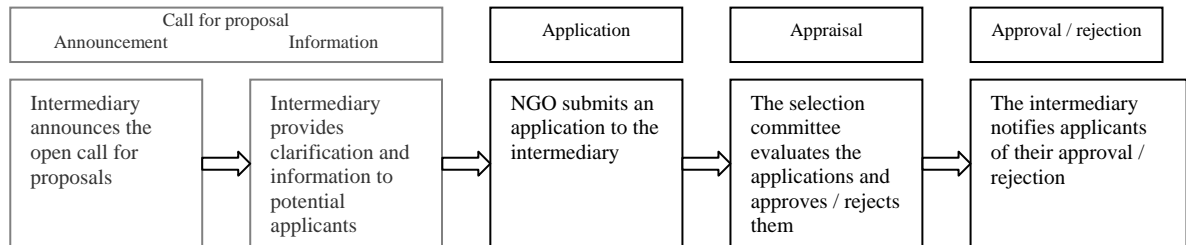
2.1 *Appraisal and approval process of NGO grants*

The NGO fund intermediary must widely advertise the call for applications for NGO grants, using different media channels so that NGOs in the beneficiary state know

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grants are available, in what priority areas, and how to apply for them. The grant assessment arrangements and other procedures of the selection committee will ensure transparency. The Financial Mechanism Committee and/or the Norwegian Ministry of Foreign Affairs may make suggestions for improvements of the procedure.

Summary for NGO grants



NGO grants are made to projects that have been submitted to the intermediary by applicants eligible under Article 1.2 of this guideline and approved by the independent selection committee.

The selection process will be suggested by the intermediary in its application. Further provisions on the procedures for selection of NGO grants will be set out in the grant agreement between the Financial Mechanism Committee and/or Norwegian Ministry of Foreign Affairs and the Focal Point in respect of the NGO fund.

2.2 Monitoring and evaluation

The monitoring arrangements for the NGO fund will be stipulated in the grant agreement. The Focal Point will ensure that these arrangements are sufficiently implemented and, if needed, take steps to strengthen them.

- The intermediary will make appropriate arrangements on the reporting with end-recipients.
- The intermediary provides project interim reports, annual progress reports and the project completion report in accordance with the Beneficiary State Reporting and Monitoring Guideline.
- The Focal Point reports on progress in respect of the NGO fund at least once a year to the FMO.
- The FMO monitors NGO funds on an annual basis and for this purpose normally draws upon the services of a monitoring agent to undertake external monitoring of the NGO fund, the end-recipient projects, as well as on-the-spot checks. This monitoring is supplemental to the monitoring carried out by the Focal Point.
- Ex-post evaluation of the NGO fund as well as its end-recipient may be carried out individually or in the context of the programming framework of the beneficiary state in question.

The Beneficiary State Reporting and Monitoring Guidelines contain a more detailed description of the reporting and monitoring requirements and procedures.

2.3 Disbursements

Disbursements of funds to end-recipients under the NGO fund may in part be made as advance payments. Such advance payments may not exceed 80% of the eligible costs of each NGO grant. A final payment of at least 20% of the eligible costs will be paid in the form of reimbursement of incurred costs once all reporting requirements concerning the project are fulfilled, and the results of the NGO grant are accepted by the intermediary. The intermediary will in its application propose arrangements for advance payments.

The intermediary must put in place the arrangements necessary to ensure satisfactory cash flow to the end-recipients under the NGO fund. The FMO will, in consultation with the intermediary and the Focal Point, ensure that sufficient resources are made available to the intermediary for grant-making under the Fund.

The intermediary will be responsible for the correct use of funds and guarantee the authenticity of proof of expenditure. The intermediary will establish separate bank accounts for the resources to be re-granted and for the management costs.

The intermediary will aggregate payment claims for the NGO fund and transmit these to the Focal Point. The aggregated payment claim is an integral part of the project interim report. The Focal Point, in accordance with the Disbursement Guideline, presents the documentation to the FMO via the Paying Authority.

2.4 Management costs of the intermediary

The management cost of the intermediary will be decided in the grant agreement. It shall be sufficient to cover reasonable costs related to the execution of the duties of the intermediary under these guidelines and the grant agreement. The amount agreed will take into account the size of the fund, the responsibilities of the intermediary (in particular the extent to which the intermediary proposes to provide support to NGO grant applicants and grantees), and other relevant factors justified by the intermediary in its application. It will generally be in the range of 4-10% of the total amount committed to the fund. The management cost can in part be made as an advance payment.

2.5 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.