



REPUBLIC OF SLOVENIA
GOVERNMENT OFFICE FOR EUROPEAN AFFAIRS

ANNUAL REPORT No 1
on the implementation of
EEA Financial Mechanism in the Republic of Slovenia

Implementation period: **April 2005 – March 2006**
Date: **6 March 2006**
Prepared by: **National Focal Point
Government Office of the Republic of Slovenia
for European Affairs**

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Glossary of Acronyms

EEA	European Economic Area
FMO	Financial Mechanism Office
MoU	Memorandum of Understanding
NGO	Non-governmental organization

PREFACE

The purpose of the Annual Report on the implementation of the EEA Financial Mechanism in the Republic of Slovenia is to give comprehensive information on the implementation during the period under review. The annual report should provide an overview of the implementation of the mechanism and compile information the National Focal Point has received from all interested bodies throughout the implementation period until March 2006.

The present Annual Report is in compliance with the Beneficiary State monitoring and reporting guidelines on the EEA Financial Mechanism.

The reported period starts with the date of signature of the Memorandum of Understanding on the EEA Financial Mechanism, however most of this period could be described as preparatory phase. The implementation phase itself starts with the announcement of the open call No.1. As none of the project was finally approved by the Financial Mechanism Committee yet as the project assessment is still ongoing, the present Annual Report No 1 is limited only to the following issues:

The National Focal Point confirms that the data included in the Annual Report on implementation of the EEA Financial Mechanism are comprehensive, complete and correct.

1 BACKGROUND

1.1 RELEVANT LEGISLATION AND DOCUMENTS

By the Treaty of Accession to the European Union, that Republic of Slovenia signed on 14 April 2003, the Republic of Slovenia became a Member State of the EU on 1 May 2004. Any country becoming a Member State of the European Union must file an application for the accession to the EEA Agreement. Slovenia filed the application on 20 December 2002. The negotiations on the enlargement of the EEA between the delegations of Norway, Iceland and Liechtenstein, the current Member States and the new Member States of the European Union began on 9 January 2003 and concluded with the initialling of the Agreement on 3 July 2003.

Under the Agreement, Protocol 38 – on the EEA Financial Mechanism, the EEA EFTA countries undertake to contribute to economically weaker countries in the European Economic Area. The estimated amount allocated for the Republic of Slovenia is € 6,120,000 for the period 2004 – 2009.

On 12 May 2005 the Memorandum of Understanding on the implementation of the EEA Financial Mechanism for the period 2004 – 2009 between the Republic of Iceland, The Principality of Liechtenstein, the Kingdom of Norway and the Republic of Slovenia was signed.

Focal Point confirms the selected projects are in compliance with Community Policy, including tendering and procurement. So far no legal problems relating to the implementation of the financial mechanisms have appeared and they are not likely to appear.

1.2 IMPLEMENTATION ARRANGEMENTS

Focal Point

The Focal Point for the EEA Financial Mechanism is the Government Office for European Affairs. The Focal Point has the overall responsibility for the management of the EEA Financial Mechanism's activities in the Republic of Slovenia as described in this Memorandum of Understanding and the Rules of Procedures, including the overall responsibility for the use of funds, financial control and audit.

The division of responsibilities within the Focal Point is as follows:

Name and position	Working area
Dr. Rado Genorio , Secretary – Head of Technical Assistance Sector	FOCAL POINT
Ms Hermina Golob , Senior Advisor	INFO POINT
Mr Boštjan Lovka , Secretary	CALL FOR PROPOSALS FOR INDIVIDUAL PROJECTS
Mr Jure Mezek , Secretary	NGO FUND
Mr Boštjan Lovka , Secretary New Employee (within TA)	TECHNICAL ASSISTANCE
Mr Jure Mezek , Secretary	FUND FOR TECHNICAL EXPERTS, CO-OPERATION AMONG EDUCATIONAL AND RESEARCH INSTITUTIONS
Ms Nataša Rumpret , Secretary	MONITORING
Mr Boštjan Lovka , Secretary Mr Jure Mezek , Secretary Ms Hermina Golob , Senior Advisor New Employee (within TA)	IMPLEMENTATION

Intermediate bodies

On the basis of an agreement with the FMO, the Focal Point may delegate some tasks related to project preparation and implementation to Intermediate Bodies (relevant ministries, relevant organisations of public administration and other agreed bodies). Their tasks and responsibilities will be defined in detail in a legal act, agreement or memorandum of understanding between the Intermediate Body and GOEA.

Paying Authority

Further provisions on financial flows, the paying authority, and financial management was elaborated in an agreement between the FMO and the Focal Point, confirmed by the EEA EFTA States and the Republic of Slovenia by the signing of an Exchange of letter between the Financial Mechanism Office and the Focal Point on 10 January 2006 following the approval of the Financial Mechanism Committee. The agreement contains provisions on the role of the National Fund and the Central Financing and Contracting Unit. The agreement puts in place an efficient payment system ensuring that funds from the EEA Financial Mechanism are being used efficiently and correctly and in accordance with the principles of sound financial management. The system ensures that the processing of payment claims is independent from other entities or agencies involved in the implementation of the EEA Financial Mechanism.

Auditing

Internal Audit: the main duties of Internal Audit within each of the institution are:

- to conduct internal audits of each institution involved (the Government Office for European Affairs and the Ministry of Finance);
- to advise the Minister or the head of institution on the matters from its own field of operation.

Budget Supervisory Office: it is an independent office in the framework of the Ministry of Finance, charged for the public internal control and control of all EU funds, as well as funds from EEA Financial Mechanism, with no responsibilities for implementation and management. It is responsible for overall strategy of the financial control for all funds, annual audit plans and approval of audit programmes and quality control of audits executed.

Court of Audit of the Republic of Slovenia: is the highest body for supervising state accounts, the state budget and all public spending in Slovenia. It is independent in the performance of its duties and bound by the Constitution and law. The Court of Audit Act also defines that the acts with which the Court of Audit exercises its powers of audit cannot be challenged before the courts or other state bodies.

Monitoring Committee

The Monitoring Committee is appointed and chaired by the Focal Point. The Monitoring Committee is responsible for monitoring the course and manner of project progress in the frame of EEA Financial Mechanism. Monitoring Committee's responsibilities include but are not limited to the following:

- periodical review of progress of projects;
- examining and approval of periodical reports the use of financial resources and
- ensures that the Focal Point is fully informed about the progress of projects.

According to the Annex A, part C the FP will nominate the Monitoring Committee, which shall include representatives of:

- the FP;
- relevant line ministries or governmental bodies;
- social and economic partners;
- regional and local level government, and
- NGOs.

Steering Committee

The Steering Committee is appointed and chaired by the Focal Point. It is an advisory body to the Focal Point regarding the identification, development and selections of proposals. The Steering Committee's task is to give an opinion and to make recommendation to the Focal Point on which projects should be forwarded to the FMO.

According to the Annex A, part C the FP nominated on 21 October 2005 the Steering Committee, which includes representatives of:

- the FP (2 representatives; chairman and secretary);
- relevant line ministries or governmental bodies (one representative from each of the institutions: Ministry of Environment and Spatial Planning, Ministry of Culture, National Agency for Regional Development);
- social and economic partners (one representative from the Chamber of Commerce);
- NGOs (one representative from the NGO sector).

1.3 PRIORITY AREAS

Following the discussion with relevant ministries, initiated by the Government Office of the Republic of Slovenia for European Affairs acting as National Focal Point, the listed priority areas were agreed upon:

- Protection of the environment, including the human environment, through, inter alia, the reduction of pollution and the promotion of renewable energy
- Promotion of sustainable development
- Conservation of European cultural heritage
- Human resource development through, inter alia, promotion of education and training, strengthening of administrative or public service capacities of local government or its institutions and the democratic processes that support it
- Health and childcare
- Academic Research.

Within the priority areas there are several focus areas. These priority and focus areas are specified in the Annex B of the Memorandum of understanding on the implementation of the EEA Financial Mechanism.

The Focal Point has agreed with the FMO that due to limited financial allocation for the Republic of Slovenia there would be no programmes (groups of projects) and seed money facility type of assistance. In view of simplifying the administrative procedures individual projects can be only submitted as complete project applications and there will not be any advance payment possible.

In the Annex C of the Memorandum of Understanding on the implementation of the EEA Financial Mechanism special attention is given also to the financing assistance for:

1. NGO fund
2. Technical expert fund
3. Fund for co-operation among educational and research institutions
4. Technical assistance fund.

Cross-cutting issues

The cross-cutting issues (environmental, economic and social including gender equality and good governance) have been taken into account during the selection

process. It is too early to assess the impact of selected projects on the cross-cutting issues.

Publicity

Information and publicity about assistance provided through the EEA Financial Mechanism intend to increase transparency and raise public awareness. The FP ensured that detailed information on opportunities for potential beneficiaries about the existence and functioning of the EEA Financial Mechanism as well as the availability of funds was communicated to special target groups and the public at large by:

- launching the web site www.eeagrants.si and updating it when it deems necessary;
- issuing the announcement of the first Call for proposals in the daily newspaper with the largest number of copies;
- sending the e-mail information letter to all relevant ministries and other institutions at the national level, Regional Development Agencies, umbrella NGO organisations, social and economic partners and NGOs;
- organising workshop for potential beneficiaries;
- taking part in several seminars and conferences on funding opportunities in Slovenia;
- answering approximately to 46 e-mails from potential project promoters received and 30 meetings with potential project promoters held.

Cooperation between donors and Beneficiary State

The cooperation between FMO and the Republic of Slovenia has been very intense in this reporting period. The seminars organised by the FMO were attended by the representatives of the FP and Paying Authority and they contributed to higher level of knowledge and close cooperation for efficient and successful implementation of the EEA Financial Mechanism.

During the whole reporting period the representatives of donor states visited various Slovenian institutions with the aim to present possible areas of cooperation (e.g.: the FP hosted the delegation from Iceland, which was presenting University of Akureyri - Iceland School of Renewable Energy; one of selected projects foresees cooperation with Norwegian partners).

The actual implementation of selected projects will by no means enhance the future cooperation between the donor states and the Republic of Slovenia.

1.4 FINANCIAL BREAKDOWN

The total net amount of the allocation for the period 2004-2009 is €5,875,200. 3% of this amount has been set apart for the purposes of the external monitoring and appraisal activities performed by the FMO. The remaining amount has been indicatively broken down to the following types of assistance:

- approximately 80% to Individual Projects (estimated figure is €4,700,160);
- 10% to the NGO Fund (estimated figure is €587,520);
- approximately 10% to the Technical expert fund, Fund for co-operation among educational and research institutions and Technical assistance fund (estimated figure is €587,520).

2 IMPLEMENTATION OF INDIVIDUAL PROJECTS

The Focal Point has with the approval of the FMO agreed to have continuously open call for submission of individual project applications. It has been decided that the deadlines for submission of applications would be:

- By 12:00 o'clock on 30th September 2005 for the allocation 2004 and 2005
- By 12:00 o'clock on 5th May 2006 for the allocation 2006
- By 12:00 o'clock on 30th April 2007 for the allocation 2007
- By 12:00 o'clock on 30th April 2008 for the allocation 2008.

On 14 February 2006 the FMO representatives organised a workshop related to reporting issues regarding the implementation of individual projects. The workshop was attended by the representatives of the Focal Point and the Ministry of Finance - Paying Agency.

2.1 OPEN CALL NO. 1

2.1.1 PREPARATORY ACTIVITIES

In accordance with the national legislation related to use of Slovenian language the Focal Point ensured the translation of all relevant documents for the Call for proposals into Slovenian language.

The Focal Point performed the following activities:

- **31 May 2005: launching the Call for proposals and launching web site www.eeagrants.si**
- **4 June 2005: the announcement** in the national daily newspaper DELO (issued in 170.000 copies)
- **6 July 2005: E-mail Information Letter** to 61 addresses (relevant ministries and other institutions at the national level, Regional Development Agencies, umbrella NGO organisations, Chamber of Commerce and Industry of Slovenia, all project promoters that have already expressed interest)
- **14 July 2005: workshop for writing individual project applications** (70 participants from relevant ministries and other institutions at the national level, Regional Development Agencies, umbrella NGO organisations, Chamber of Commerce and Industry of Slovenia and private organisations)
- **June – September 2005: 46 e-mails from potential project promoters received and answered, 30 meetings with potential project promoters held**

2.1.2 PROJECT SELECTION PROCESS AT THE FOCAL POINT

Milestones within the Open call No. 1 selection procedure:

- **3 October 2005:** Call for nomination of the Steering Committee sent to the Ministry of Finance, Ministry of Environment and Spatial Planning, Ministry of Culture, National Agency for Regional Development, Centre for information service, co-operation and development of NGOs and Chamber of Commerce
- **20 October 2005:** All nominations received
- **21 October 2005:** Invitation to the 1st Meeting of the Steering Committee
- **24 November:** Invitation to the final Meeting of the Steering Committee
- **27 October 2005 – 29 November 2005:** Appraisal of the applications – working meetings took place on 4 November, 10 November, 11 November and 21 November
- **23 December 2005:** Selected applications sent to the FMO

Since the members of the Steering Committee were experts in different areas they decided on their first working session to group all received project applications into 3 clusters:

1. Protection of the environment, including the human environment, through, inter alia, the reduction of pollution and the promotion of renewable energy
2. Conservation of European cultural heritage
3. Other priority areas.

The project applications within each cluster have been appraised by at least two voting members of the Steering Committee.

As requested by the FMO, the Steering Committee made the priority list of 7 applications and reserve list of 3 applications to be further appraised by the FMO and other relevant institutions.

Focal Point sent the following documents related to selection of applications to the FMO on 23 December 2005:

1. Evaluation Report – administrative compliance and eligibility dated 27 October 2005
2. Evaluation Report - technical and financial quality dated 30 November 2005
3. Priority projects (original versions and versions with Focal Point opinion)
4. Reserve projects (original versions and versions with Focal Point opinion).

2.1.3 ANALYSIS OF RECEIVED APPLICATIONS BY PRIORITY AREA

By the first deadline of the Call for proposals for submission of individual projects on 30 September 2005 the Focal point received in time 41 applications in the total amount of €47,7 million requested funds from the EEA Financial Mechanism and the Norwegian Financial Mechanism.

In the tables 1-4 and in the chart 1 you can find the list of all received individual projects, the distribution of projects according to priorities, the priority list and the reserve list of selected projects.

Table 1: Individual projects received by the deadline 30 September 2005

No	Title	Applicant	Total Amount	EEA Grants	% EEA Grants	National	Priority*
1	Project DiDo (Digitalized Documentation and accessibility of Museum Collection for the Public)	Gorenjski muzej	598.883	355.717	59,73	243.166	3
2	Demolition and reconstruction of the existing nursery school, due to excessive radon radiation	Municipality Idrija	1.973.248	1.343.327	85,00	629.921	1
3	Notranjska Institute for Environment Protection and Multiculturalism - NIVOM	Notranjski regijski park	1.443.449	1.172.617	81,00	270.832	2
4	Expansion of product line through an investment in 2006	Tajfun Planina d.o.o.	1.419.852	851.911	60,00	567.941	1
5	Revival of Baroque in Maribor Castle	Municipality Maribor	677.480	575.144	85,00	102.336	3
6	Separate collection of municipal waste fractions in the municipalities of Bovec, Kobarid and Tolmin	Komunala Tolmin	506.621	303.973	60,00	202.648	1
7	STARA SAVA - Renovation of the only preserved iron foundry area in SE Europe	Municipality Jesenice	2.016.877	1.714.345	85,00	302.532	3
8	Establishment and Operation of an Historical Park in the Broader Vicinity of the Kluže Fortress	Municipality Bovec	998.500	848.725	85,00	149.775	3
9	Rationalisation of the use of energy at the old people's home	Dom upokojencev Nova Gorica	1.591.865	1.082.468	85,00	509.397	5
10	Project international University Celje: Master Programme European Integration	Tehnopolis Celje d.o.o.	893.000	507.710	60,00	385.290	4
11	Technological centre for renewable energy sources Vransko	Municipality Vransko	938.000	797.300	85,00	140.700	1
12	Methodology for the Assessment of Ecological Status in Rivers in Slovenia according to the WFD	Inštitut za vode RS	2.746.073	2.334.162	85,00	411.911	1
13	Establishment of Museum "Treasures of Rifnik"	Municipality Šentjur	917.869	780.189	85,00	137.680	3
14	The building of the senior citizens home Videm	Zavod Sv. Terezije	1.687.778	1.012.666	60,00	675.112	5
15	The building of the wastewater treatment plant in Bruhanja vas	Municipality Dobropolje	1.045.395	726.146	85,00	319.249	1
16	The building of the apartment part of the paraplegics' home Piran	Zveza paraplegikov	1.687.273	1.000.558	60,00	686.715	4
17	Extension of the treatment plant and construction of the sewage system	Municipality Dolenjske Toplice	2.033.262	1.000.000	58,93	1.033.262	1

No	Title	Applicant	Total Amount	EEA Grants	% EEA Grants	National	Priority*
18	Renewal and digitalisation of the TV archives of the Radio-Television Slovenia	RTV	5.001.678	2.500.839	60,00	2.500.839	3
19	Institute for the qualification and welfare Dobrna	MDDSZ	6.930.773	5.891.157	85,00	1.039.616	5
20	Digital Library of Slovenia - dLib.si	NUK	1.041.737	885.477	85,00	156.260	3
21	Solving environmental, social and economic issues by constructing biogas powerplant in Pomurje	Enecon d.o.o.	5.961.000	3.576.600	60,00	2.384.400	1
22	Lively old town - Integrated approach to the old town renewal in Gorenjska region	BSC d.o.o.	1.441.063	1.224.903	85,00	216.160	3
23	Special out-patient health activity	RCD d.o.o.	821.657	582.007	85,00	239.650	5
24	Establishment of the network of GPS stations and european spatial reference system in Slovenia	Geodetska uprava RS	1.842.923	799.081	43,36	1.043.842	2
25	The construction of the water supply networks Križi-Reber and Zgornji Cvibelj	Municipality Žužemberk	607.766	432.523	85,00	175.243	1
26	Celje Country - Heritage for the future	Municipality Celje	972.000	816.480	84,00	155.520	3
27	Youth hostel Situla - Museum as a living space	DNŠ	1.004.176	459.708	60,00	544.468	3
28	The establishment of the cadastre of public infrastructure in Slovenia	Geodetska uprava RS	900.000	518.000	59,68	382.000	2
29	Public-private partnership at control and solving of environmental problems in Municipality Dol	Municipality Dol pri Ljubljani	1.240.996	744.597	60,00	496.399	1
30	The setting up of the environmental investment fund at the Eco fund, p.f.	Ekološki sklad RS	1.000.000	650.000	65,00	350.000	1
31	promotion of Energy Efficiency and Renewable Energy in the Slovenian Public Sector	Inštitut Jožef Štefan	975.000	780.000	80,00	195.000	1
32	Park of military history	Municipality Pivka	1.741.962	1.174.667	80,00	567.295	3
33	Advanced Energy Efficient Earthquake Resistant "Sandwich" Panel (ADERPAN)	IREET Inštitut	896.213	537.727	60,00	358.486	1
34	Revitalisation of Outdoor Swimming Pool Velenje	Mestna Municipality Velenje	1.024.126	870.507	85,00	153.619	3
35	Ecological renewal of rubber profiles production	Savatech d.o.o.	3.205.136	1.923.082	60,00	1.282.054	1
36	Castle TREBNIK - new european destination for cultural & sustainable tourism	Tehnološko inovacijski zavod	950.000	652.334	80,00	297.666	2
37	Catalytic depolymerisation of wastes	Ekooil d.o.o.	12.124.826	967.688	30,01	11.157.138	1
38	Pilot project "Eco-trailer"	Inštitut za dizajn	1.033.901	580.767	59,00	453.134	2
39	The Monument and the Museum dedicated to the defenders of slovene soil on Cerje	Municipality Miren Kostanjevica	2.698.901	1.340.000	84,10	1.358.901	3

No	Title	Applicant	Total Amount	EEA Grants	% EEA Grants	National	Priority*
40	The Lipizzaner Museum	Kobilarna Lipica	1.476.500	1.255.025	85,00	221.475	3
41	Integrated management of water resources in the Komen Karst	Municipality Komen	2.655.131	2.123.330	85,00	531.801	1
	TOTAL		80.722.890	47.693.457		33.029.433	

* Priorities:

1. Protection of the environment, including the human environment, through, inter alia, the reduction of pollution and the promotion of renewable energy
2. Promotion of sustainable development
3. Conservation of European cultural heritage
4. Human resource development through, inter alia, promotion of education and training, strengthening of administrative or public service capacities of local government or its institutions and the democratic processes that support it
5. Health and childcare

Table 2: **Individual projects received by the deadline 30 September 2005 by priorities**

PRIORITY	EEA & NOR
Environment and energy	18.921.656
European cultural heritage	13.931.219
Health and childcare	10.782.132
Sustainable development	2.550.182
Human resource development	1.508.268
TOTAL	47.693.457

Chart 1: Individual projects received by the deadline 30 September 2005 by priorities

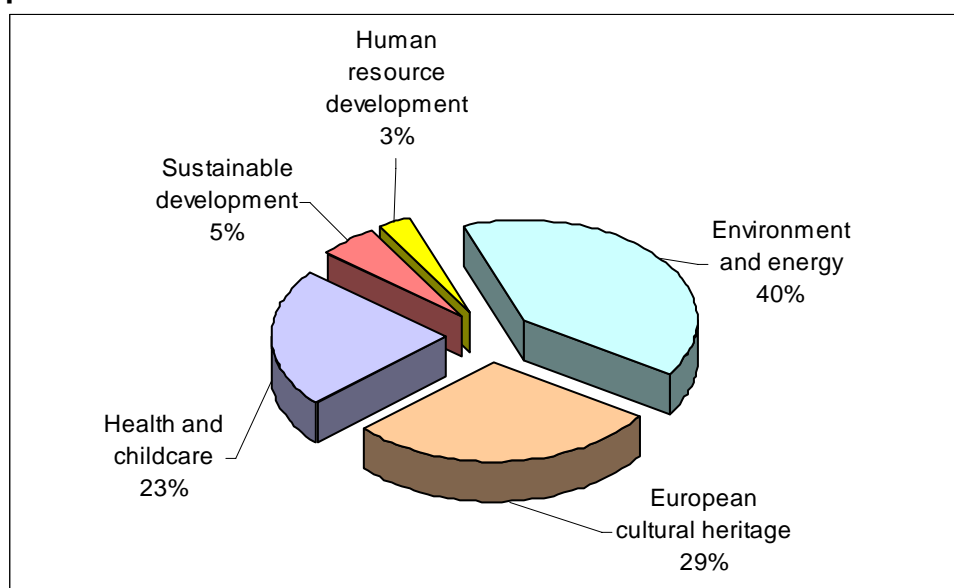


Table 3: Priority list of projects

No.	NAME OF APPLICANT / Project title	Score obtained	Recomm. grant amount	Recomm. rate of financing of eligible costs	Proposed source of Grant	Priority
1-22	BSC d.o.o. / Lively old town - Integrated approach to the old town renewal in Gorenjska region	96	1,224,903	85	NORWAY	3
2-2	MUNICIPALITY IDRİJA / Demolition and reconstruction of the existing nursery school, due to excessive radon radiation	94	1.343.327	85	NORWAY	1
3-6	KOMUNALA TOLMIN / Separate collection of municipal waste fractions in the municipalities of Bovec, Kobarid and Tolmin	94	303,973	60	EEA	1
4-24	MINISTRY OF ENVIRONMENT AND SPATIAL PLANNING - SURVEYING AND MAPPING AUTHORITY / Establishment of the network of GPS stations and European spatial reference system in Slovenia	93	799.081	43,36	NORWAY	2
5-27	STUDENT SOCIETY OF NOVO MESTO / Youth hostel Situla - Museum as a living space	91	459.708	60	EEA	3
6-20	NATIONAL AND UNIVERSITY LIBRARY/ Digital Library of Slovenia - dLib.si	90	885.477	85	EEA	3
7-40	PUBLIC INSTITUTION, LIPICA STUD FARM / The Lipizzaner Museum	90	1.255.025	85	NORWAY & EEA	3

Table 4: **Reserve list of projects**

No.	NAME OF APPLICANT / Project title	Score obtained	Recomm. grant amount	Recomm. rate of financing of eligible costs	Priority
1r-28	MINISTRY OF ENVIRONMENT AND SPATIAL PLANNING - SURVEYING AND MAPPING AUTHORITY / The establishment of the cadastre of public infrastructure in Slovenia	90	518.000	59,68	2
2r-4	TAJFUN PLANINA, d.o.o. / Expansion of product line through an investment in 2006	84	851.911	60	1
3r-36	TECHNOLOGICAL AND INNOVATION CENTRE OF DRAVINJA VALLEY / Castle TREBNIK - new european destination for cultural & sustainable tourism	81	652.334	80	2

2.2 OPEN CALL NO. 2

2.2.1 PREPARATORY ACTIVITIES

The Focal Point performed the following activities:

- **17 October 2005:** the representative of the Focal Point presented the Financial mechanisms at the seminar organised for the for NGO
- **8 November 2005:** the representative of the Focal Point presented the Financial mechanisms at the seminar organised for the participants interested in EU and other financial assistance programmes
- **January 2006 – February 2006:** revision of documents related to the Call for proposals
- **January 2006 – February 2006:** Focal Point answered several questions and held several meeting with potential project promoters
- **24 February 2006: re-announcement of the Call for proposals with revisions www.eeagrants.si.** The re-announcement was proceeded by consultation between the FMO and FP. FP had with approval of the Financial Mechanism Office extended the deadline for the submission of applications within the Individual Project Programme in the year 2006 till May 5th 2006 at 12 o'clock.

3 MOU ANNEX C FUNDS

Only preparatory meetings with relevant Slovenian institutions have been held in relation to the implementation of NGO fund, Technical expert fund, Fund for co-operation among educational and research institutions. Following the conclusions of these meetings, the Focal Point will propose to the FMO to have intermediary bodies for the implementation of all funds. Focal point already identified potential intermediary bodies for the NGO fund and the Fund for co-operation among educational and research institutions. The responsible person within the Focal point started with the drafting of the application for the Technical assistance as well as tender documentation for the selection of the intermediaries.

The FP intends to recruit the intermediaries for Annex C grants by launching the Open call for proposals in April and June 2006.

4 INDICATIVE IMPLEMENTATION PLAN FOR THE FOLLOWING YEAR

March 2006

E-mail Information Letter for individual project potential applicants
TA Application Form draft

April 2006

Tender documentation for the selection of Intermediary body for managing NGO Block grants

June 2006

Tender documentation for the selection of Intermediary body for managing funds for technical experts, co-operation among educational and research institutions

July 2006

Appraisal of individual project applications within the Call for proposals No. 2

October 2006

Open call for proposals for Block grants for NGO
E-mail Information Letter for NGOs
Workshop for writing NGOs project applications

November 2006

Open call for proposals for funds for technical experts, co-operation among educational and research institutions

ANNEX 1

FINANCIAL MANAGEMENT SYSTEM TO BE APPLIED IN THE REPUBLIC OF SLOVENIA WITH REGARD TO THE EEA FINANCIAL MECHANISM 2004-2009

Pursuant to:

- Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2004-2009 between the EFTA States (Republic of Iceland, The Principality of Liechtenstein, The Kingdom of Norway) and the Republic of Slovenia signed on 12 May 2005

The Ministry of Finance, the National Fund within the Department for the Management of EU Funds will execute the tasks of the Paying Authority (PA) with regard to all operations related to financial transactions. The competences and responsibilities of the PA are laid down in the Disbursement Guidelines applied for the EEA Financial Mechanism 2004-2009.

The PA will submit certified payment claims to the FMO in order to apply for and receive payments from the EEA Financial Mechanism funds.

1. PAYING AUTHORITY

Name:	Ministry of Finance, Department for the Management of EU Funds (DMEUF), National Fund
Address:	PO Box 644, SI - 1000 Ljubljana
Name of responsible person:	Ms. Mojca Grošelj
Position of responsible person:	Secretary, Head of National Fund
Tel:	+386-1-369-65-11
Fax:	+386-1-369-65-39
E-mail:	mojca.groselj@mf-rs.si

The National Fund is the entity within the Ministry of Finance, through which all Community funds are channelled to Slovenia. Since September 2004, when the European Commission Decision on conferral of management of aid on a decentralised basis was issued, the National Fund has the overall responsibility for financial management under extended decentralised implementation system (EDIS) of the EU funds deriving from pre-accession assistance (PHARE, Transition Facility programmes). The National Fund also acts as the Paying Authority for all Structural Funds and Cohesion Fund as well as the body responsible for the certification of expenditure declarations for Schengen Facility.

1.1 Organisational structure of the MF

Organisation chart showing the organisational structure of the Ministry of Finance with the Department for the Management of EU Funds, where the National Fund as the Paying Authority and the CFCU are located can be found in the attachment.

Internal audit for the Paying Authority is carried out by the Internal Audit Service (IAS) of the Ministry of Finance. The IAS is an independent organisational unit within the ministry. Functionally and organisationally it is separate from other organisational units, reporting directly and being accountable to the Minister. The functional independence of the Internal Audit Service is guaranteed by the Public Finance Act.

Other departments of the Ministry of Finance, which are directly or indirectly linked to the work of the Paying Authority are:

- Treasury of the Single Treasury Account; the department within the Treasury Directorate that opens bank accounts of the PA at the Bank of Slovenia,
- Directorate for Public Accountancy, responsible for the accounting of public funds at the national level.

1.2 Manuals of procedures used by the PA

With regard to the financial management the adopted Rules and Procedures for the implementation of the EEA Financial Mechanism and other issued guidelines include the provisions, which have to be followed by the beneficiary country when establishing the financial management system.

The analysis of the before mentioned rules has shown, that the management requirements and conditions are to a certain extent similar to the ones prevailing under EDIS and SF management respectively, for which the adequate procedures are already in place and implemented in the RS. Therefore, the given proposal for financial management system that should be applied in the RS for the EEA Financial Mechanism 2004-2009 includes relevant procedures of the EDIS system as well as relevant procedures that apply for the management of SFs and the CF. In this context, the existing EDIS Operating Manuals and the SF Operating Manuals used by the PA will in greater part be used also with regard to the implementation of the EEA Financial Mechanism.

1.3 Bank accounts maintained by the PA for Financial Mechanisms (FM's)

In accordance with the Chapter 3 (Common Rules for Disbursements) of the Disbursement Guidelines and within the system of unified treasury account of the Republic of Slovenia, the National Fund will open special foreign exchange transaction account in the central bank in Slovenia, the Bank of Slovenia, for the signed Memorandum of Understanding (FM EURO account)¹.

¹ Bank Account Information:

Programme: EEA Financial Mechanism
Account holder: Ministry of Finance – National Fund
Bank Name: Bank of Slovenia
Bank Address: Slovenska cesta 35, SI-1000 Ljubljana, Slovenia

FM EURO account will be managed by the Ministry of Finance – National Fund in accordance with the 'Contract on opening and managing of special foreign transaction accounts' signed between the Ministry of Finance and the Bank of Slovenia on 27.03.2003.

FM EURO account will be maintained in euro and will be used exclusively for transactions related to the EEA Financial Mechanism. FM EURO account will be operated on the basis of double signature system.

FM EURO account will be interest generating. In accordance with the Article 9 of the 'Contract on opening and managing of special foreign transaction accounts', the rate of interest for the un-disbursed drawn financial aid funds is 80% of the average monthly interest rate for the EUR at the Euro-market for the month for which the interest is computed. The Bank of Slovenia will issue bank statements for monthly interest accrued on the FM EURO account.

The list of signatures of authorised persons to sign transfer orders will be deposited at the Bank of Slovenia. The Bank of Slovenia will release the FM funds from the FM EURO account only on the basis of duly authorised transfer orders. Bank statement for each transaction on the FM EURO account will be issued.

2. PROPOSED IMPLEMENTATION ARRANGEMENTS

2.1 PAYMENTS FROM THE FMO TO THE ACCOUNTS OF THE PA

PA will receive interim and final payments from the FMO and hold a interest bearing account for the FM. The accounts will be held in foreign currency (euro). Any interest earned will be allocated to the account for the FM.

In order to get interim payments, the PA has to submit the Request for Disbursement including certified individual project interim reports to the FMO. Templates for these documents are prescribed in the "Beneficiary State Reporting and Monitoring Guidelines" issued by FMO.

A Project Interim Report prepared by project promoter consists of a payment claim section and a project progress section. It should cover a period of at least three calendar months. The payment claim section comprises summary eligible expenses for activities for individual projects, programmes and block grants respectively.

As for project progress, the project interim report must include information on financial and physical progress. The report must compare actual expenses with planned expenses and the actual progress with planned progress in accordance with the project implementation plan. Any deviations from the original implementation plan must be described and duly justified.

The interim report must include information on the progress towards quantified targets for Results indicators of the project. In addition, the report must include confirmation on the co-financing.

The project progress section of the report is verified by the Focal Point, who forwards the report to the Paying Authority, which certifies the payment claim section and availability of co-financing.

2.1.1 Checks performed by the Paying Authority

The PA will check each individual Payment claim against of therein provided information, especially eligible costs and actual expenditure.

For this purpose supporting documents will be consulted, e.g. the grant agreement, implementation contract and paid invoices. The PA will check completeness and consistency of relevant financial data in the payment claim, including the use of correct exchange rates.

In order to assure appropriate audit trail, the PA will develop and submit to the FP a template of matrix providing information on audit trail, which will have to be filled in for different types of project promoters.

The PA may delegate some of the tasks related to the checks of eligible costs and actual expenditure to the CFCU as Implementing Agency under PHARE and Transition Facility programmes, financed by the European Commission. In such case, the final responsibility will remain with the Paying Authority.

Following the execution of checks the PA will certify to the FMO that:

- the summary of eligible expenses submitted by the project promoter is in full conformity with the supporting documents,
- the supporting documents have been examined and found to be authentic, correct and accurate,
- they are based on verifiable accounting which is in compliance with sound accounting principles and methods,
- claimed expenses fall within eligible expenses under Detailed Eligibility Provisions – Expenditures,
- claimed expenses are incurred as part of the implementation of the Project in accordance with this Grant Agreement,
- co-financing from other sources is available,
- and that sufficient audit trail exists.

The Request for Disbursement shall comprise the aggregated amount of certified payment claims covering minimum 3 calendar months. The payments received from the FMO will be used to pay the FM contribution to eligible expenditure relating to the assistance.

For the purpose of financial management, the PA will use its own data base to record transactions and to survey the available funds on its accounts in order to execute reimbursements to PPs.

PA shall release payments from FM EURO account at the latest within 15 working days of receipt of the funds and should notify the FMO of the executed reimbursement to the Project Promoter.

Regarding the final balance of the individual project, the combined total of interim payments may be limited to 50.000 EUR or up to 5% of the last disbursement to the project until a project completion report has been approved by the FM Committee or another competent body. In this case, the reimbursement of final balance will be executed after receipt of final balance by the PA.

Schematic overview of the flow of expenditure declarations to FMO is provided in the attachment.

2.1.2 Use of Euro and conversion rates:

All commitments and payments by the FMs will be denominated and carried out in Euro. The PA has to present the certified payment claims in Euro.

The amounts of expenditure incurred in national currency (SIT) will be converted into Euro by applying the rate in force on the day before the last working day of the month preceding the month during which the expenditure was recorded by Project Promoter.

The PA will transfer the calculated Euro amount from its account at the Bank of Slovenia to assure the reimbursement of FM contribution to the Project Promoters.

2.2. PAYMENTS FROM THE PA ACCOUNTS (FLOW OF FUNDS TO REIMBURSE THE FM CONTRIBUTION TO THE PROJECT PROMOTERS)

The reimbursement of FM contribution to the project promoters will be carried out through the national budget following procedures for the execution of the budget as laid down in the Rules on procedures for the execution of the budget of the RS, prescribed by the Minister of Finance.

In case of FM projects, **the GOEA as Focal Point (FP)** acts as the Contracting Authority and signs the implementation contracts with the selected Project Promoters.

After receiving the information on receipt of funds from PA, the FP prepares the application for the increase of the current budget and issues a payment order for reimbursement from the national budget to the Project Promoter of SIT equivalent value of the amount in EUR of FM funds.

The FP submits the payment orders together with the application for the increase of the current budget to the PA.

The PA checks the compliance of the above-mentioned documents with the certified payment claims and amounts received from the FMO, in order to authorise reimbursement of FM contribution to the Project Promoters.

For this purpose, the responsible officer at the PA will prepare the internal 'Payment order' for use of FM funds, which is authorised by the Head of the PA², together with the 'Transfer Order' as a document for the execution of transfer of FM funds by the Bank of Slovenia. The 'Transfer Order' is authorised by the Head of the PA and co-signed by the authorising officer in the Treasury at the Ministry of Finance (Treasury).³

² Authorisation for use of FM funds (PA-internal payment order):

- Responsible officer,
- Head of the PA, State Under-Secretary at the Ministry of Finance.

³ Authorisation of transfer of FM funds (Transfer order issued by the PA):

- Head of PA, State Under-Secretary at the Ministry of Finance. S/he can delegate this responsibility to max two officials.

Co-authorisation of transfer of FM funds:

- Head of Treasury department for SSTA, State Under-Secretary at the Ministry of Finance. S/he can delegate this responsibility to other officials.

According to the Rules on procedures for the execution of the budget of the RS, payment orders are sent to the Directorate for Public Accountancy, which launches the procedure for execution of reimbursement to the Project Promoter through the system for payments from the national budget. The transfer order is submitted to the Treasury, which is responsible for its official submission to the Bank of Slovenia.

Payment from the national budget to the Project Promoter of the reimbursed amount shall be executed on the date due for payment in accordance with the payment order issued by the FP, finally endorsed by the NF. On the same date due for payment to the PP the Bank of Slovenia releases the amount of FM funds from the relevant FM EURO bank account and transfers it to the national budget. The proof of payment is electronically available on the day next to the execution of payment.

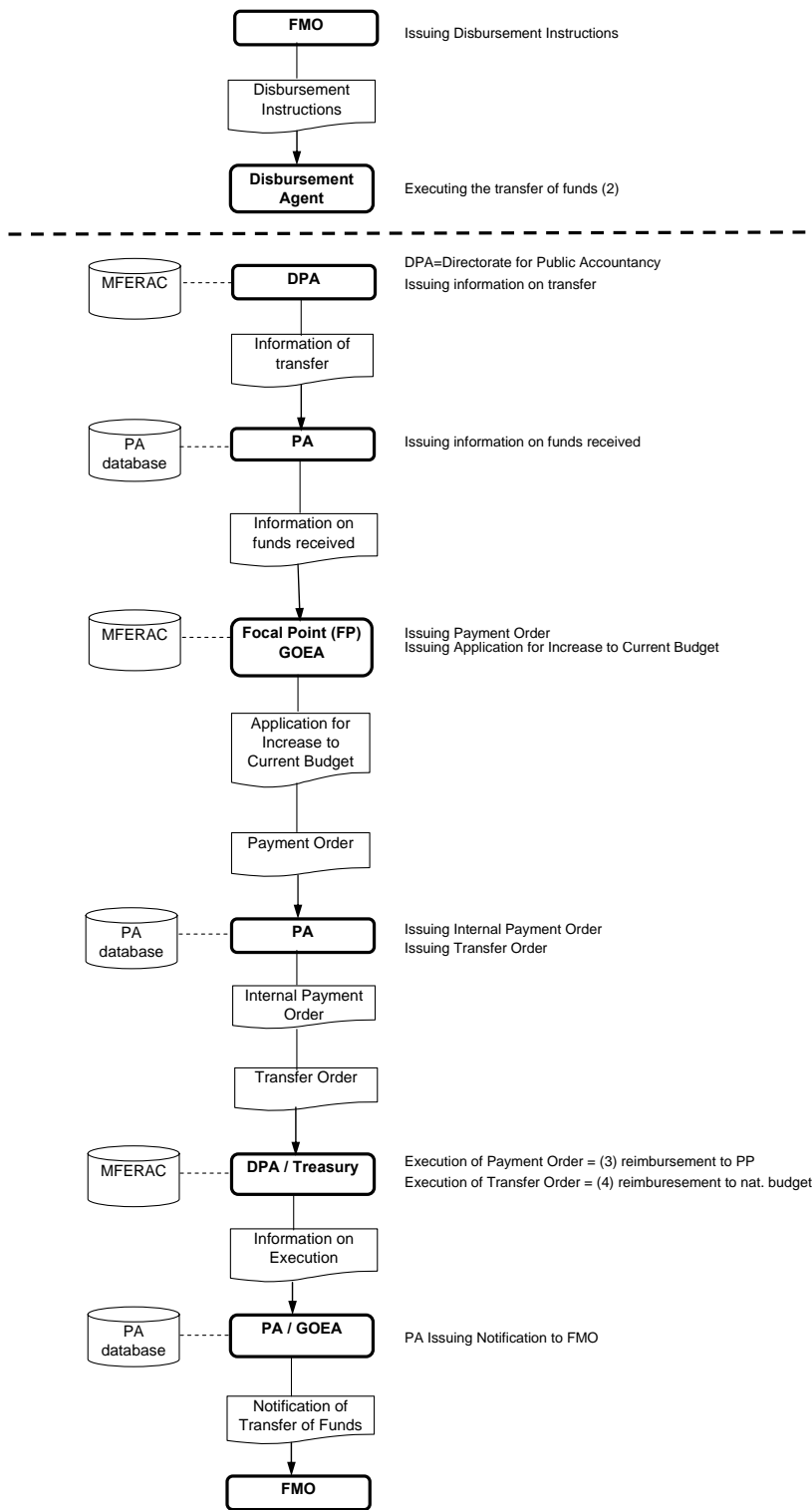
The actual execution of reimbursements is recorded in the data base of the PA as well as in the central accounting system MFERAC, where all payments from the national budget are registered.

Information on the executed reimbursement will be provided to the FMO by the PA on a basis of documents proving the execution of reimbursement.

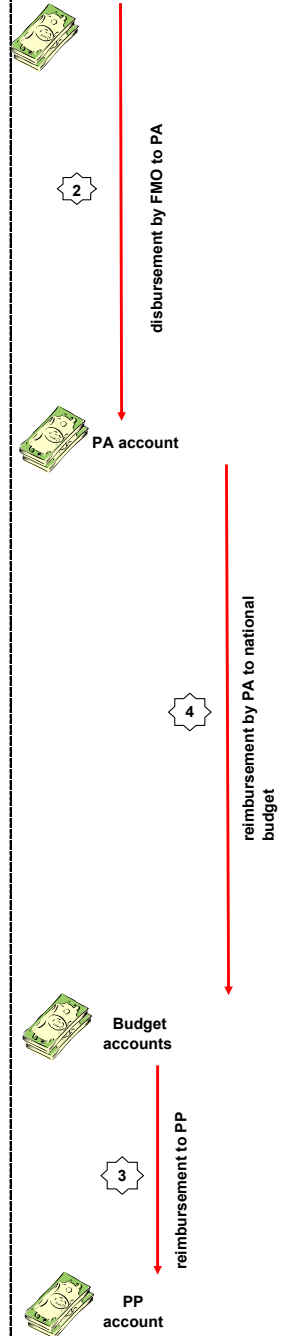
Schematic overview of the flow of documents and funds relating to disbursements and reimbursements is provided in the attachment.

ANNEX 2 - PAYMENT SYSTEM SCHEME

PAYMENT SYSTEM: Flow of Documents for Disbursement & Reimbursement

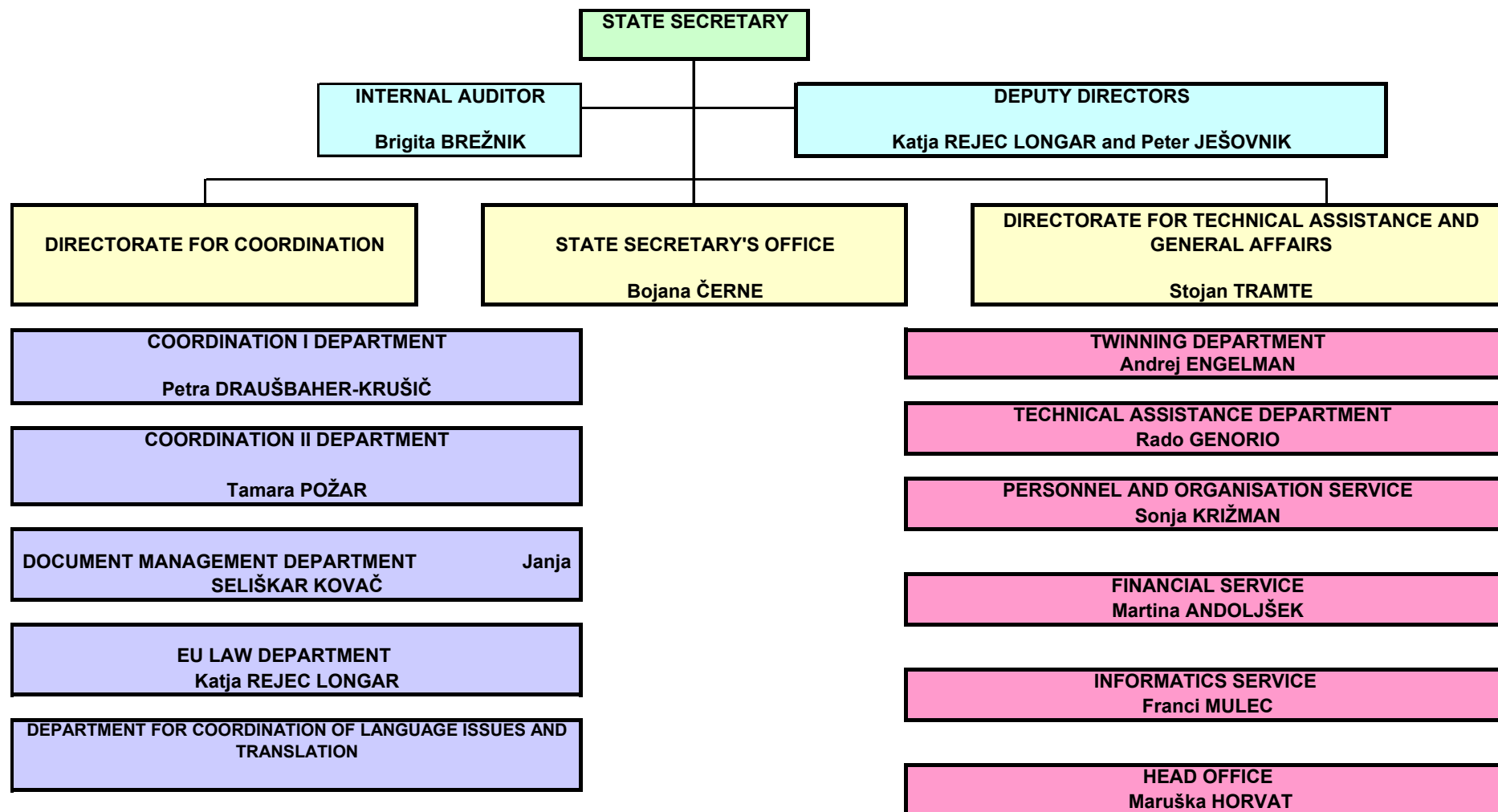


Flow of funds



IT system Body / Documents Main Functions

ANNEX 3 – ORGANISATIONAL STRUCTURE OF THE GOVERNMENT OFFICE OF THE REPUBLIC OF SLOVENIA FOR EUROPEAN AFFAIRS



ANNEX 4 - ORGANISATIONAL STRUCTURE OF THE MINISTRY OF FINANCE

Organisational scheme MoF,
01.07.2005

