

# explanatory memorandum

## cross-border projects

### Introduction

Questions on the scope for cross-border activities have been raised by beneficiary states and among potential applicants. Through this memorandum, the FMO provides an explanation for those considering projects that involve cooperation between the beneficiary state and countries outside the European Economic Area. We set out the parameters that Focal Points and applicants should bear in mind when considering such cross-border projects under the financial mechanisms.

### Cross-border projects and the two Financial Mechanisms

The Norwegian Financial Mechanism has since its inception addressed the idea of promoting projects that reach beyond the borders of the EEA. This is reflected by “Regional development and cross-border activities” being a separate priority area under the mechanism. In part, this must be viewed in light of other policy frameworks and schemes, such as the ENP, ENPI and Intereg.

In addition to the opportunities provided through the separate priority area in the Norwegian Mechanism, the donor states have expressed their willingness to consider projects with a cross-border component within all the priority areas of both financial mechanisms. This is of particular importance to NGO applicants, which are limited to a maximum 60% co-financing rate if their application is funded from only one mechanism.

Several of the beneficiary states have expressed interest in using EEA Grants for cross-border co-operation outside the EEA. Estonia, Hungary, Latvia, Poland and Slovakia have explicitly mentioned a cross-border component in their respective MoUs. A workshop was organised by the Ministry of Foreign Affairs in Oslo 14 October 2005 with representatives of some of these countries to discuss their approach in greater detail.

### Parameters for cross-border projects

The main objectives of the financial mechanisms must apply to cross-border projects as well. All cross border projects should therefore support social and economic cohesion within the enlarged European Economic Area, as well as take into account the cross-cutting objectives.

Cross-border co-operation projects should generally facilitate closer contact between local and regional institutions, organisations and enterprises in border areas, and be designed to prepare them for future challenges (within the sectors covered by the financial mechanisms).

The main part of projects and end-beneficiary activities is expected to take place in the beneficiary state itself. Activities in neighbouring states are eligible for funding as long as the donors, the beneficiary state and the project promoter are able to monitor, audit and enforce the rules of the EEA Grants.

Cross-border cooperation should focus on countries outside the EEA, neighbouring the beneficiary state promoting such cooperation. Priority should be given to projects with impact close to the border. In the case of competence building / training projects and projects implemented by NGOs, the geographical scope could be increased, although this would need to be justified.

Discussions held between donors and beneficiary states to date have seen Ukraine, Russia and some states in the Western Balkans as most suitable for inclusion into the cross-border component of the EEA Grants.

Where practicable, the financial mechanisms welcome the possibility to co-finance activities from other funding sources, be they applicants' own funds, private foundations, local, regional or central government funding, or any relevant EU programme (i.a. Interreg and ENPI).

#### Control and responsibility

The grant agreement for a project involving cross border cooperation will be entered into with the Focal Point in the beneficiary state as for all projects under the mechanisms. The responsibility for the implementation and monitoring/control lies with the beneficiary state (Rules and Procedures 1.4). This implies that in order to manage the risk inherent in cross-border projects, these should generally involve competence building, education, training, exchanges, joint events etc., rather than infrastructure or investment projects. The cost to enable individuals or organisations from neighbouring countries to participate in such projects/ events is eligible.

In many cases, individual cross-border projects will be small-scale. It may be useful for practical reasons to organise the co-operation through block grants or programmes that are earmarked for a specific geographical area. Due to the complexity of these grants and programmes it is recommended that proposals are consulted with the FMO before a formal application is submitted.

While the applicant for a cross-border project, or the intermediary for a programme or block grant, must be a legal entity registered in the beneficiary state, it is possible for the donors to allow for a wider set of end-beneficiary applicants under programmes and block grants. This is i.a. the case with NGO Funds (where this is one of the agreed objectives of the Fund) and specific cross-border block grants or programmes.

The beneficiary state must comply with national regulations in the case of the EEA Grants. Beneficiary states should determine in advance to what extent these rules may handicap cross-border projects. Should any changes be necessary to allow for the implementation of the audit trail requirements set out in section 6.1 of the Rules and

Procedures where the end-beneficiary is located in neither the beneficiary nor the donor state, this should be discussed between the Focal Point and the FMO.

Other types of cross-border projects

We wish to stress that this memo is provided to clarify the parameters of projects that involve cooperation with neighbouring countries outside the EEA. This does not exclude applications for projects including cooperation between different regions within the EEA, which is possible within the various priority areas of the financial mechanisms.