

FMO - Appraisal Manual

**The EEA Financial Mechanism
&
The Norwegian Financial Mechanism**

Version 3

TABLE OF CONTENTS

| | | |
|----------|---|----------|
| 1 | INTRODUCTION | 4 |
| 2 | ORGANISATION AND TIME SCHEDULE | 4 |
| 2.1 | TASK MANAGER AND TASK TEAM | 4 |
| 2.2 | APPRAISAL OVERVIEW | 4 |
| 2.3 | COMMISSION SCREENING..... | 5 |
| 2.4 | FMO FOLLOW-UP..... | 5 |
| 2.5 | PREPARATION FOR GRANT DECISION | 5 |
| 3 | DETAILED APPRAISAL | 6 |
| 3.1 | OVERVIEW | 6 |
| 3.2 | THE DETAILED APPRAISAL REPORT (DAR)..... | 6 |
| 4 | CONCLUSION AND REPORTING BY FMO | 7 |
| | ANNEX - DETAILED APPRAISAL REPORT (DAR) | 8 |
| 1 | APPLICANT SUITABILITY | 9 |
| 1.1 | <i>Applicant</i> | 9 |
| 1.2 | <i>Organisation and management</i> | 9 |
| 1.3 | <i>Other grant applications</i> | 10 |
| 1.4 | <i>Publicity plan</i> | 10 |
| 2 | RELEVANCE OF THE PROJECT | 10 |
| 2.1 | <i>Background and justification</i> | 10 |
| 2.2 | <i>Overall Objective</i> | 11 |
| 2.3 | <i>Purpose</i> | 11 |
| 2.4 | <i>Innovativeness</i> | 11 |
| 2.5 | <i>Compliance with EU legislation</i> | 11 |
| 2.6 | <i>Implementation of EU legislation</i> | 12 |
| 3 | METHODOLOGICAL EFFICIENCY | 12 |
| 3.1 | <i>Appropriate solution and best available technology</i> | 12 |
| 3.2 | <i>Schedule</i> | 12 |
| 3.3 | <i>Result indicators</i> | 12 |
| 3.4 | <i>Capacity building and human resources development</i> | 13 |
| 3.5 | <i>Operation and maintenance</i> | 13 |
| 4 | RISK | 13 |
| 4.1 | <i>Managerial risks</i> | 14 |
| 4.2 | <i>Technical risks</i> | 14 |
| 4.3 | <i>Financial risks</i> | 14 |
| 4.4 | <i>Legal risks</i> | 14 |
| 4.5 | <i>Risk management</i> | 14 |
| 5 | ECONOMIC FEASIBILITY | 14 |
| 5.1 | <i>Detailed budget</i> | 14 |
| 5.2 | <i>Revenue generation and additional benefit</i> | 15 |
| 5.3 | <i>Co-financing</i> | 15 |
| 5.4 | <i>Cost effectiveness</i> | 15 |
| 5.5 | <i>Economic life and post completion financing</i> | 15 |
| 6 | CONTRIBUTION TO CROSS-CUTTING TARGETS | 16 |
| 6.1 | <i>Sustainable development</i> | 16 |
| 6.2 | <i>Gender equality</i> | 17 |
| 6.3 | <i>Good governance</i> | 17 |

| | | |
|-----|--|----|
| 7 | BILATERAL RELATIONS..... | 17 |
| 7.1 | <i>Bilateral partnerships.....</i> | 17 |
| 7.2 | <i>Other contributions to bilateral relations.....</i> | 17 |
| 8 | DETAILED APPRAISAL FOR BLOCK GRANT AND PROGRAMME MANAGEMENT | 18 |
| 8.1 | <i>Approval process.....</i> | 18 |
| 8.2 | <i>Management of the intermediary.....</i> | 18 |
| 8.3 | <i>Reporting and monitoring procedures.....</i> | 18 |
| 8.4 | <i>Auditing arrangements.....</i> | 18 |
| 9 | DETAILED APPRAISAL FOR APPLICATION FOR ADVANCE PAYMENT..... | 19 |
| 10 | AREAS OF ATTENTION..... | 19 |
| 11 | CONCLUSIVE RECOMMENDATION AND OPINION OF THE APPRAISAL AGENT..... | 19 |
| | THE SUMMARY CHECKLIST..... | 20 |
| | <i>Identification data.....</i> | 20 |
| | <i>Scoring guide.....</i> | 20 |
| | <i>Re 2 Relevance of the project.....</i> | 22 |
| | <i>Re 3 Methodological efficiency.....</i> | 23 |
| | <i>Re 4 Risk.....</i> | 24 |
| | <i>Re 5 Economic feasibility.....</i> | 25 |
| | <i>Re 6 Contribution to cross-cutting targets.....</i> | 26 |
| | <i>Re 7 Bilateral Relations.....</i> | 29 |
| | <i>Re 8 Block Grant and programme management.....</i> | 30 |
| | <i>Re 9 Application for advance payment.....</i> | 31 |
| | <i>Re 10 Answers to specific questions raised by FMO in the appraisal request.....</i> | 32 |
| | <i>Re 11 Conclusive recommendation and opinion of the appraisal agent.....</i> | 33 |
| | <i>Signature.....</i> | 33 |

1 Introduction

This document is meant as a practical guide for the Financial Mechanism Office's (FMO) own appraisal work and that carried out on its behalf by the appraisal agents that the FMO may use for the detailed appraisal. The required content and checklist for the Detailed Appraisal Report (DAR) is included as an annex.

The appraisal is about verification, examination and assessment of the information given in an application for financial support from the EEA Grants. The application consists of the completed application form (APF) plus any application supporting documents (ASDs). This document is therefore very closely linked to the application form and its user guide. These documents must be seen in parallel.

The present update of the FMO Appraisal Manual is based on version 3 of the application form and the associated user guide. It may, however, also be used for applications made with any earlier version of the APF.

The DAR will form part of the basis for the Grant Recommendation Document (GRD), which is a standard form submitted by the FMO to the respective decision-making bodies for each of the two financial mechanisms.

2 Organisation and time schedule

Applications received by the FMO from the respective Focal Point in the beneficiary state have normally been through the following process:

1. Open call
2. Selection process (varies between the beneficiary states and even between priority sectors in a single beneficiary state)
3. Focal Point reasoned opinion

The appraisal should always build on the results of any previous work which may include various types of assessment or expert evaluation.

2.1 Task manager and task team

For each application, a task team for the appraisal of the application is established in FMO. A task team consists of at least two persons, including the task manager.

2.2 Appraisal overview

The initial review of the application is carried out in the FMO by a task manager and provides a check against the *Rules and Procedures*, guidelines and other documents describing the requirements of the two financial mechanisms.

The FMO may send out a Request for Additional Information (RAI) to the Focal Point if any issues regarding the application require clarification.

The type of project, its size and the availability to the FMO of any documentation from previous appraisals are some of the elements that will determine the need for and scope of an appraisal. The appraisal shall normally be carried out by an independent body, which shall be appointed and contracted by the FMO. The FMO has the possibility of carrying out the detailed appraisal internally.

Internal appraisal is the most likely option for programmes and block grants, especially where the managerial set up is more of an issue than technical and economical issues. Internal appraisal may also be chosen in cases where very similar projects have been appraised before, due to the simplicity of the project, or where the FMO possesses the required qualifications and capacity needed for an appraisal using internal resources.

About four to six months will normally have passed between the applicant's submission of the application, and the beginning of the FMO's initial appraisal. Changes in assumptions and circumstances that may have occurred in this time should be noted in the appraisal.

Where an appraisal agent is contracted, the detailed appraisal shall normally be conducted within four weeks after the appraisal agreement has been made. The task manager forwards the appraisal report to the Focal Point for comments. See section 3 for further information about the detailed appraisal.

2.3 Commission Screening

As soon as an application is found to be complete and eligible, and normally in parallel with the appraisal process, it is sent to the European Commission for screening for compatibility with Community objectives.

2.4 FMO follow-up

Once the detailed appraisal has been completed, it is reviewed by the FMO, which also requests comments from the Focal Point and the applicant. Once the deadline for comments from the Focal Point has passed, the task manager decides whether additional information or further clarifications to the DAR are needed.

2.5 Preparation for grant decision

The task manager prepares the recommendation to the Financial Mechanism Committee (FMC) and/or the Norwegian Ministry of Foreign Affairs (NFMA) for approval or rejection. The recommendation is based on the initial review, the detailed appraisal, the European Commission's comments and any other relevant information. A grant may be approved with certain conditions. The appraisal process shall identify the need for such conditions to secure the success of the project.

3 Detailed appraisal

The detailed appraisal is a more thorough investigation than the initial review. Normally, an appraisal agent will be assigned to carry out an appraisal. The agent chosen for this purpose must be completely independent of the applicant and any other stakeholder(s) in the operation.

The detailed appraisal shall build on any documentation submitted as part of the application and the documentation generated as part of the initial review by the FMO. Among other things, the following issues are already checked:

- Administrative compliance of the application
- Confirmation of eligibility of the applicant
- Identification of the appropriate co-financing limit

There will normally be no need to repeat any of the topics already covered by the initial review unless this has been specifically requested by the FMO or the appraisal agent finds it necessary.

The required content and checklist for the DAR is included as annex.

3.1 Overview

The purpose of the detailed appraisal is to verify and assess the following:

- key information given in the application, especially the suitability of the applicant
- relevance of the project in a holistic context
- choice and efficiency of methodology, approach and technical solution
- risk assessment
- economic and financial aspects, and feasibility of the project
- cross-cutting issues

If applicable, the following issues may also be assessed:

- management system (in the case of a block grant or programme application).
- need for and relevance of an advance payment

Any previous appraisal carried out on behalf of the applicant or the Focal Point, shall be made available to the appraisal agent and used as a part his/her assessment in order to avoid double work.

3.2 The Detailed Appraisal Report (DAR)

All the work comprising the detailed appraisal must be documented in a DAR including references, etc., and including the summarised conclusions according to the required checklist format. The structure of the report should follow the same structure as the checklist in order to secure a clear relation between the report and

the summary format. See the annex for an explanation of each topic and the summary checklist.

Based on the findings of the initial review, the FMO identifies areas for special attention for the detailed appraisal. The response to these issues must be indicated clearly in the report. The fact that the FMO has indicated specific areas for attention does not exclude any of the other appraisal topics.

Any other issues that become apparent during the detailed appraisal, and that could affect the success of the project, must also be discussed.

An overall recommendation and the opinion of the appraiser is a required part of the report. This should be a very short statement about whether the project seems to present an appropriate solution to the identified problem. This statement should also include a list of any special topics, such as shortcomings that need to be rectified, further information needed or special points to take into consideration for the grant agreement.

The detailed appraisal report shall fulfil the following purposes:

- provide the documentation of all activities and sources on which the appraisal is based;
- provide the documentation of all findings of the appraisal in a structured and comprehensive way;
- give the appraiser's opinion about the application and the relevance of the project in relation to the priorities of the financial mechanisms.

4 Conclusion and reporting by FMO

The overall conclusions of the entire appraisal process shall be made by the task manager and will be based on the internal check (IRR), the DAR and any additional checks it deems necessary. The conclusions shall be made in the format defined in the Grant Decision Procedure.

Annex - Detailed Appraisal Report (DAR)

This annex to FMO - Appraisal Manual about the content and the structure of the DAR serves as a terms of reference for the appraisal agent. It is, however, also intended to be used as a guide for the internal appraisal.

Some of the information in the application will need further checks and verifications. The main topics of the appraisal report are described and exemplified in the following. These issues are meant as a basis for the general checklist at the end of this document for very different types of project.

Some of these topics may sometimes be irrelevant and do therefore not need any further assessment. Sometimes the information needs broader assessment than indicated here or other issues may appear to also be relevant. It is up to the appraisal agent to judge how relevant each of the elements of these topics are for each specific application.

The appraisal shall build on any information included in the application, or any additional information made available by the FMO or the relevant Focal Point. It shall also base the appraisal on the fact that the initial review has been done by the FMO, and that formal conditions regarding the application and the eligibility have been found satisfactory by the FMO. The appraisal agent is free to question this as part of the appraisal. The appraisal request from the FMO may also include specific issues raised during its initial review.

In duly justified cases the appraisal agent might be asked to suggest some improvements to the application. These improvements should normally be limited to the objectives and indicators proposed including their baseline and target values. Improvements to the application text are not a subject of the detailed appraisal.

For further information about what is expected in a good project, please refer to the *Application form user guide* and the other guides, guidelines and policy documents for the EEA Grants on relevant topics.

The following general requirements for the DAR must always be fulfilled:

- All elements of the checklist must be covered, whenever some elements are considered to be not applicable, a short statement justifying this judgement may be sufficient.
- The DAR must include a report section that discusses and documents all findings and supports the input into the checklist.
- The DAR must clearly identify the answers to the specific issues raised by the FMO in the request for appraisal.
- The first version of the DAR is considered a draft version.
- Any comments and questions from the FMO received by the appraisal agent within three weeks of submission of the draft version must – within reason – be used as input to finalise the final version as soon as possible.
- The final version shall be dated and signed by the appraisal agent and submitted to the FMO as a scanned version (electronically) or as a hardcopy.

The following sections describe in more detail the various topics and what is expected from the appraisal agent within each one. At the end the checklist format is given, including a scoring guide.

1 Applicant suitability

This section focuses on the applicant, including the organisation and project management. The information relating to the applicant must be assessed in respect of credibility and applicant suitability.

Comments related to other applications from the same applicant, if any, especially when they are related to the same project, are also included in this part. The plans for project publicity shall also be assessed.

1.1 Applicant

A background check against the information given in the application has, as far as practically possible, been done by the Focal Point. However, should the appraisal agent find that there are reasons to question the suitability of the applicant, this should be noted.

It should also be verified whether the applicant is sufficiently committed to implement the project in line with relevant terms and requirements, such as for example public procurement rules.

This check does not include a verification of the eligibility of the applicant unless this has been requested specifically by the FMO. The formal eligibility of the applicant shall be verified by the Focal Point and it is also one of the checkpoints of the FMO's initial review.

Any partners must also be checked for background, etc. Their commitment and relevant competence/capacity should be verified. Partners from the donor countries are further covered in greater detail in section 7 Bilateral Relations.

1.2 Organisation and management

The applicant's resources and competence regarding its ability to manage the project must be examined and compared to the information given in the application. Verification of whether the management structure is clear and whether roles and responsibilities are clearly allocated should be made. Is the institutional capacity sufficient, e.g. does the body responsible for management and implementation of the project have the necessary staff, experience and know-how to ensure its efficient implementation?

If the applicant is relying on the participation of one or more partners to manage the project, the scope of the investigation must also cover these partners.

1.3 Other grant applications

If seed money or other funding has been used to develop the project, the experience gathered by such a grant-maker should be identified and considered in the context of the main application.

If any applications have been made to other donors for the same project, the details of such applications must be checked. The donors in question should be contacted and asked for comments.

1.4 Publicity plan

The publicity plan given in the application should be examined and verified regarding suitability for the purpose and the objectives of the financial mechanisms. Compliance with the *Publicity Guidelines* must be verified.

2 Relevance of the project

The focus of this section is on the assessment the project's place in the overall strategic and legal context. This is necessary in order to understand how the project will contribute to the overall objectives and development at a regional or national level.

The important question to be answered is whether or not the project is a relevant step in the right direction.

The hierarchy of objectives and indicators in the application form part I section 4.4 is of special interest here, although only the **overall objective** and the **purpose** need to be discussed in this section. A more thorough discussion of the **results** and their indicators is covered in section 3 Methodological Efficiency. The objectives and indicators also need to be seen in a logical context so that the three levels relate well to each other and so that the indicators used are clear, relevant and measurable. Please note that indicators, including target and baseline values, are no longer necessary at an overall objective level. Please see the description in section 4.3 of the *Application Form User Guide* for further reference regarding the three levels of objectives and the indicators.

The innovative character of the project and the contribution to implementing EU law is also covered by this section.

2.1 Background and justification

The background and justification of the project should be confirmed by one or more independent sources. These may be:

- local or national NGOs
- relevant public institutions
- experts within the relevant topic from international and/or multilateral organisations or institutions

- other relevant sources

To what extent have relevant and necessary public consultations taken place? If relevant, assess the extent to which a broad consensus and a commitment to the project have been achieved.

2.2 Overall Objective

The relevance of the overall objective needs to be considered. This has two different aspects:

- 1 How does the overall objective fit into the national strategic plans for the relevant sector in the beneficiary state?
- 2 How significant is the project's potential contribution to the overall objective?

This assessment should, when possible and practicable, be made in a national context, considering the link between the overall objective of the project to the objectives of the financial mechanisms.

2.3 Purpose

The relevance of the purpose and its indicators also needs to be considered. The defined purpose of the project should be compared with the needs expressed by the applicant in the background and justification. Normally a project's purpose will be measurable at the time of project completion. To what extent does the proposed project meet these needs?

In addition, the purpose must be considered from a local, regional and national perspective. It is important to form an opinion about how the project contributes to solving the problem or the issue in a broader perspective. In this context, relations with other projects and programmes should be identified.

2.4 Innovativeness

The project's degree of innovativeness, providing it with a potential to become a demonstration project, should be considered whenever relevant. Such demonstration may later be used to solve the same or similar problems on a larger scale with resources from others. This is of particular importance because the EEA Grants cover many, broad sectors, and can therefore in many cases only contribute to solving parts of the needs. The potential for implementing the learning from the given project into other projects must therefore be considered. The greater this potential, the more likely it is that other resources may be allocated to the same focus area and contribute further to the overall objective of the project.

This may be the case when the solution has any kind of innovative element for example in terms of technology or simply a new application of well proven solutions. Such possibilities may give the grant additional desirable long-term effects.

2.5 Compliance with EU legislation

The project must be in accordance with EU legislation. This must be verified by the Focal Point in its reasoned opinion. The appraisal must evaluate the verification.

2.6 Implementation of EU legislation

If the activity contributes to the implementation of certain EU regulations, this is a point of special interest.

3 Methodological efficiency

This section on methodology, approach and technical solution addresses whether or not the chosen project presents the appropriate solution or approach to the problem and how well this can be measured. This section also covers the necessary element of capacity building, human resources development and the planning for post completion operation and maintenance of the project results.

3.1 Appropriate solution and best available technology

The chosen solution, methodology and/or technology must be compared to alternative ways of solving the problem. If there are other feasible ways of solving the problem which have not been considered, these should be addressed and when practicable, also assessed comparatively.

The choice of technology should, when relevant, be defended in a best available technique (BAT) context.

Whenever possible, the efficiency of the project in terms of cost per unit of result/purpose should be assessed. This aspect is very important as it focuses the grants on where they give the best outcome. For example, for energy related projects, the cost per kWh produced or saved should be considered.

3.2 Schedule

The realism of the schedule is important for the success of the project and must therefore be considered. The proposed work programme should be assessed according to coherence between objectives, activities and time table.

In cases where the time schedule depends on the chosen method, approach or technology, the alternatives must be compared.

The clarity of the work programme must be assessed. The milestones included must be definable and measurable. They must also be appropriate and practical for monitoring, reporting, disbursement, etc.

3.3 Result indicators

The result indicators shall illustrate key, direct results of a project. Ideally, results indicators can also be used as progress indicators during the project implementation. All the indicators for result and purpose must be quantified.

It is also of great importance for the precision and efficiency of the evaluation of a project after its completion that the identification of the baseline values is as correct as practically possible and that the target values are realistically achievable as a consequence of the project.

A high focus will be given to define useful indicators for all projects, as well as consistency of the use of indicators between all projects. The appraisal agent can play an important role here and should whenever relevant suggest improvements to the indicators.

3.4 Capacity building and human resources development

The institutional capacities and possible needs for human resource capacity strengthening need to be considered for different types of projects. Have the necessary elements of capacity building, training of existing personnel, etc. been sufficiently integrated into the project?

3.5 Operation and maintenance

The capacity to ensure the post completion operation and maintenance is an essential element for long term success. This is particularly the case for investment projects.

It is part of the appraisal to review how the applicant foresees handling operational and maintenance related aspects.

The need for special training of personnel is an important element of both operation and maintenance. Has this been sufficiently taken into consideration by the applicant?

The financing of the operation and maintenance must be made plausible by the applicant. This aspect is covered further in section 5.5 Economic life and post completion financing.

4 Risk

Risks that may reduce the benefit of the project, or even cause the project to fail, should be assessed. The applicant must have identified and analysed the risks, and developed a proper response plan, but there may also be risk factors not recognised by the applicant.

The target for the appraisal agent is to verify that the risks have been considered and that adequate risk management has been developed. A risk assessment must identify and analyse the risks, including likelihood and impact considerations as a basis to determine how the risks should be managed. It will typically include, but not

be limited to, the relationship between risks and objectives, judgement of critical risks and determination of actions to mitigate risks.

4.1 Managerial risks

Examples of managerial risks are lack of qualifications, mismanagement, fraud, etc. These and other managerial risks that relate to the project should be discussed here or may already have been part of the discussion regarding section 1.

4.2 Technical risks

Technical risks may among other things be related to risk of accidents, lack of technical suitability, maturity of technology, etc. Such risks should be assessed as part of the risk discussion based on the discussion about methodology in section 3.

4.3 Financial risks

Examples of financial risks are lack of co-financing, lack of fiscal strength, inappropriate expenses, etc. Most of these issues are covered elsewhere in the appraisal; see in particular section 5, so here a summary and conclusion regarding the financial risks should be given.

4.4 Legal risks

Legal risks may be those that relate to unobtained, but required permits, legal disputes, changing legislation, etc. This discussion should be seen in conjunction with the legal issues under section 2.

4.5 Risk management

The management of risk also needs to be examined. The purpose of the risk management is to identify, control and minimise the risk factors as well as to secure an efficient response in order to minimise the consequences.

5 Economic feasibility

The economic feasibility is about whether or not the project has a sound financial and economic foundation to become successful in both the short-term (during implementation), and in the long-term (following implementation).

5.1 Detailed budget

There is a requirement to include a detailed budget in all applications. This budget must be assessed for its relevance regarding both unit prices and number of units

needed for the project. This is required for labour, services, equipment, and other costs. This task is a very important element of all appraisals.

5.2 Revenue generation and additional benefit

If the project has a revenue generating component, this must be evaluated according to the *Revenue Generating Project Guidelines* of the financial mechanisms.

The additional benefit information should be assessed. Based on this, the appraisal agent should present its opinion regarding the necessity of the grant support in order to initiate and carry through the project. An assessment about the required minimum size of the grant for the implementation of the project should be included. This may also be relevant for projects other than the revenue generating ones.

5.3 Co-financing

The co-financing source(s) must be assessed regarding likelihood of delivering the required financing according to schedule throughout the project.

Any in-kind contribution must, as far as practically possible, be checked for its existence and availability to the project.

5.4 Cost effectiveness

The cost-effectiveness of the project should be examined. This analysis must take all relevant costs and benefits of the project into consideration over the lifetime of the project in a net present value consideration. An attempt must be made to quantify all relevant effects of the project, including ecological, social and other benefits to society.

In case a detailed calculation is not practical, the appraisal agent must as a minimum give its reasoned opinion to this point.

5.5 Economic life and post completion financing

A project's economic life is related to the long-term financing of operation and maintenance of the result in order to maintain the purpose following the termination of the implementation period. Local and/or national fiscal instruments may play an important role in contributing to the economic life of a project. For environmental projects, the polluter pays principle should play a key role in their long-term financing. For other types of projects there will be other comparable principles on which to base such economical life.

For all types of projects an effort must be made to create an economic life after the completion of the project. The appraisal should determine whether or not the possibilities for creating the financing for such economic life have been utilised effectively.

Regarding maintenance for projects including capital investments, it is important to determine whether or not the applicant has a sound plan for how to fund future maintenance costs in a secure way.

6 Contribution to cross-cutting targets

The contributions to cross-cutting targets address various aspects of the project relevant for all priority sectors, and are important in relation to the quality and sustainability of the proposals. They may also form an essential part of the overall project rationale.

For further reference to these targets see relevant guide and policy documents for sustainable development, good governance and gender equality.

6.1 Sustainable development

Sustainable development requirements are implemented in the financial mechanisms in different ways. Some project will have a sustainable development focus, whereas other projects will be part of sustainable development through the inclusion of sustainability aspects wherever appropriate.

The checklist only includes a selection of possible aspects. It must therefore be emphasised that the intention of the *Sustainable Development Policy & Guide* is more important than the questions selected. Other sustainability related topics may therefore be relevant for certain projects. It must be in the interest of the applicant to highlight these and for the appraisal agent to identify these also.

The checklist is divided into the three dimensions of sustainable development:

6.1.1 Environmental

The issue regarding the environmental dimension is to determine whether or not the project has a positive environmental impact and how the key aspects of environment have been taken into account. Environmental protection may even be the purpose of the project. In cases where an Environmental Impact Assessment is required, this must be evaluated separately from the checklist.

6.1.2 Economic

Although many economic aspects have been covered elsewhere, the task here is to discuss the economics of the project in the context of sustainable development. Among other things, it is important to determine that the economic drivers that influence the project are sustainable and whether or not the project in itself makes any kind of contribution to the establishment of economic tools for sustainable development.

6.1.3 Social

The social related checkpoints relate to the knowledge and conduct of the population, their health and integrated sustainable development management. Other parts of the social dimension relate to the other cross-cutting issues. Good governance and gender equality are covered by the respective policy documents.

6.2 Gender equality

Gender aspects should be reflected in all facets of a project, making the concerns and experiences of women as well as men an integral part of the planning, implementation, monitoring and evaluation of the project. The extent of a project's integration of gender equality issues must be assessed. This may include the adoption of an equalities strategy, having women in decision making roles, or the inclusion of flexible work practices.

Please note that the checklist only includes a selection of issues. In order to give a full assessment, please consult the *Gender Equality Policy & Guide* outlining the aspects to be considered, and give additional information in the Comments section.

6.3 Good governance

The information given on good governance should be checked and verified. Any information indicating possible non-compliance with elements of good governance must be considered in particular. The question to be considered is whether or not the operation contributes to good governance as such, meaning a well-governed, efficient and transparent society.

Please note that the checklist only includes a selection of issues. In order to give a full assessment, please consult the *Good Governance and Anti-corruption Policy & Guide* outlining the aspects to be considered, and give additional information in the Comments section.

7 Bilateral relations

It is of interest to know whether or not the project contributes or may contribute to bilateral or even multilateral relations between the donor states and the beneficiary state. In this context, bilateral and multilateral relations should be seen in a relatively broad use of the terms involving all possible cooperation between stake holders or players in the donor states and the beneficiary states.

7.1 Bilateral partnerships

A common way to contribute to bilateral relations is a partnership between the applicant and one or more partners in one or more of the donor countries. Such partnerships must contribute to the objective of the project in an efficient way, for example through the utilisation of special competence or resources possessed by the partner for the benefit of the project.

7.2 Other contributions to bilateral relations

There are many ways in which a project may contribute to bilateral relations between donor states and the beneficiary state, some of which may be impossible to identify at the time of appraisal. It is important that the appraisal agent identifies the real bilateral potential of a project and report it in the appraisal. When bilateral relations

are used as an argument for the application, the appraisal agent shall assess the value added of such an arrangement.

8 Detailed appraisal for block grant and programme management

In case of a proposal for a block grant or a programme, the decision-making process for the approval of sub-projects or component projects must be assessed together with other procedures for the management of the intermediary, reporting and auditing. It is essential that the principles and intentions of the *Block Grants Guideline* and the *Programmes Guideline* are reflected in the plans.

8.1 Approval process

Essential elements in the approval process of sub-projects or component projects:

- Open calls for applications
- Assessment
- Ensure that different interests in the geographical area are taken into account
- Transparent decision process
- Independency between decision-makers and applicants
- Clear approval criteria

8.2 Management of the intermediary

The assessment of the management of the intermediary must include, but not be limited to, the following criteria:

- Qualification
- Suitability
- Independence

8.3 Reporting and monitoring procedures

The planned reporting and monitoring procedures must be in accordance with the requirements and principles set out in the rules, procedures and guidelines. It is very important that the FMO receives transparent and regular information in a manner that makes it possible to execute efficient control of the activities of intermediaries and the sub-projects and component projects.

8.4 Auditing arrangements

The auditing arrangement must be according to the requirements and principles set out in accordance with Article 6 of the *Rules and Procedures*.

9 Detailed appraisal for application for advance payment

The decision regarding an advance payment shall be based on the justification of such a payment according to the criteria below:

- The strength of the applicant to finance activities for a period of four to six months
- Possible disadvantages to other activities if such financing takes place
- Influence on the project start date
- Influence on the project completion date

The appraisal should verify the justification and conclude with a suggestion as to the extent of the advance payment considered necessary for the operation to be implemented efficiently and successfully. The financial mechanisms operate with a maximum 10% advance payment in justified cases.

10 Areas of attention

If the FMO's task team has indicated special areas of attention for the appraisal, this must be listed and commented separately.

11 Conclusive recommendation and opinion of the appraisal agent

The overall recommendation and opinion of the appraisal agent should be a very short statement about whether the project seems to present an appropriate solution to the identified problem. This statement should also include a list of any special topics, such as shortcomings that need to be rectified, further information needed or special points to take into consideration for the grant agreement.

The summary checklist

Identification data

(Pre-populated by FMO's case handling system.)

| | |
|----------------------------|--|
| Registration number | |
| Name of applicant | |
| Type of application | |
| Type of project assistance | |
| Title of operation | |
| Grant applied for in euro | |
| Beneficiary state | |
| Key priority sector | |

Scoring guide

This evaluation summary is divided into sections and subsections. Each subsection must be given a score according to the assessment from 'very poor', 'poor', 'adequate', 'good' and 'very good'.

If there is nothing wrong with an issue, but also nothing that stands out positively, the score adequate may be used. In case the question is considered as irrelevant an x may be put under not applicable (n/a) in the right hand column. This should be commented.

Each section contains an area for comments. If the score is 'very poor' or 'poor' to a question, the reason for giving such a negative score must be indicated in the comments box. These scores should be reserved for topics which are not considered sufficiently good to secure a good project. Also when the score 'very good' is used, a specific comment to that should be given. This way, the task manager can efficiently identify issues of strength and weakness that are needed for the completion of the Grant Recommendation Document.

Re 1 Applicant suitability

| | very poor | poor | ade-quate | good | very good | n/a |
|--|-----------|------|-----------|------|-----------|-----|
| 1.1-1 How suitable is the applicant to implement the project? | | | | | | |
| 1.1-2 How suitable are the partners for the project? | | | | | | |
| 1.2 How suitable are the organisational resources / structure? | | | | | | |
| 1.3 How do other donors evaluate the operation or the applicant? | | | | | | |
| 1.4 Is the publicity plan adequate for the operation? | | | | | | |

Comments

Re 2 Relevance of the project

| | very poor | poor | adequate | good | very good | n/a |
|---|-----------|------|----------|------|-----------|-----|
| 2.1-1 How justified is the project? | | | | | | |
| 2.1-2 How good is the public consensus about the project? | | | | | | |
| 2.2 What is the relevance of the overall objective? | | | | | | |
| 2.3-1 To what extent does the purpose of the project meet the needs expressed by the applicant? | | | | | | |
| 2.3-2 How does the purpose contribute in a national or regional perspective? | | | | | | |
| 2.4 How suited is the project to catalyse other resources into the same overall objective? | | | | | | |
| 2.5 Does the verification of the compliance with EU legislation appear correct? | | | | | | |
| 2.6 How does the project contribute to the implementation of EU legislation? | | | | | | |

Comments

Re 3 Methodological efficiency

| | very poor | poor | adequate | good | very good | n/a |
|---|-----------|------|----------|------|-----------|-----|
| 3.1-1 How good is the proposed solution compared to alternative solutions to the same problem? | | | | | | |
| 3.1-2 How does the solution stand in a BAT consideration, if relevant? | | | | | | |
| 3.2-1 How clear and feasible is the time schedule? | | | | | | |
| 3.2-2 How relevant is the division into separate project activities? | | | | | | |
| 3.3 How suited are the proposed indicators? | | | | | | |
| 3.4 Have necessary capacity building and human resources development considerations been appropriately included into the project? | | | | | | |
| 3.4 How well are post completion operational and maintenance requirements addressed? | | | | | | |

Comments

Re 4 Risk

| | very poor | poor | adequate | good | very good | n/a |
|---|-----------|------|----------|------|-----------|-----|
| 4.1 Are the managerial risks under control? | | | | | | |
| 4.2 Are the technical risks under control? | | | | | | |
| 4.3 Are the financial risks under control? | | | | | | |
| 4.4 Are the legal risks under control? | | | | | | |
| 4.5 How suitable is the management and control of risk? | | | | | | |

Comments

Re 5 Economic feasibility

| | very poor | poor | ade-quate | good | very good | n/a |
|---|-----------|------|-----------|------|-----------|-----|
| 5.1 Does the detailed budget demonstrate proportionate costs at realistic prices? | | | | | | |
| 5.2 Has the revenue generating potential been assessed accurately by the applicant? | | | | | | |
| 5.3-1 Does the applicant have a secure source of co-financing? | | | | | | |
| 5.3-2 How does the applicant control any in-kind contributions? | | | | | | |
| 5.4 How cost-effective is the project? | | | | | | |
| 5.5 Has the potential for post completion financing been utilised? | | | | | | |

Comments

Re 6 Contribution to cross-cutting targets

6.1. Sustainable Development

6.1.1 Environmental

| | very poor | poor | adequate | good | very good | n/a |
|--|-----------|------|----------|------|-----------|-----|
| 1 To what degree will the project reduce or prevent emission of persistent toxic pollutants? | | | | | | |
| 2 Will the project result in the recovery of natural resources? | | | | | | |
| 3 Is use of fossil energy reduced by the project? | | | | | | |
| 4 Is the project of benefit to biodiversity? | | | | | | |
| 5 How have green procurement targets been included for the project? | | | | | | |

6.1.2 Economic

| | | | | | | |
|--|--|--|--|--|--|--|
| 1 Does the project strengthen financial tools for ecosystem protection? | | | | | | |
| 2 Have the costs of all ecosystem effects been taken into consideration? | | | | | | |
| 3 Are all the financial drivers of the project sustainable? | | | | | | |
| 4 Has the polluter pays principle been followed? | | | | | | |

6.1.3 Social

| | | | | | | |
|---|--|--|--|--|--|--|
| 1 Will the project increase public understanding of sustainability? | | | | | | |
| 2 Will the project influence citizens' sustainability behaviour positively? | | | | | | |
| 3 Does the project contribute to more integrated policy, planning or management, for sustainable development? | | | | | | |
| 4 Will the project have positive effects for public health? | | | | | | |
| 5 Will the project contribute to poverty reduction? | | | | | | |

Comments

6.2 Gender Equality

| | very poor | poor | adequate | good | very good | n/a |
|--|-----------|------|----------|------|-----------|-----|
| 1 Does the project take into account gender specific needs and address specific gender conditions? | | | | | | |
| 2 Does the project promote women's participation within the project? | | | | | | |
| 3 Does the project contribute to gender equality awareness-raising? | | | | | | |
| 4 Does the project encourage women's participation in and access to the labour market? | | | | | | |
| 5 Does the project promote women's rights? | | | | | | |
| 6 Does the project contribute to women's participation in political and/or economic decision-making? | | | | | | |

Comments

6.3 Good Governance

| | very poor | poor | ade-quate | good | very good | n/a |
|--|-----------|------|-----------|------|-----------|-----|
| 1 Will the project contribute to better public access to information and/or improved transparency? | | | | | | |
| 2 Will the project improve participation of civil society into decision making processes? | | | | | | |
| 3 Does the project deal with the issue of accountability to those affected by the project? | | | | | | |
| 4 Does the project take a proactive approach to preventing and dealing with corruption? | | | | | | |
| 5 Does the project meet a real need? | | | | | | |

Comments

Re 7 Bilateral Relations

| | very poor | poor | adequate | good | very good | n/a |
|---|-----------|------|----------|------|-----------|-----|
| 7.1-1 How is the partnership contributing to the quality or success of the project? | | | | | | |
| 7.1-2 Are there indications of developed and good working relations between the partners? | | | | | | |
| 7.1-3 Is there a potential to develop the partnership beyond the project cooperation? | | | | | | |
| 7.2 Are there identified positive bilateral relations other than partnerships? | | | | | | |

Comments

Re 8 Block Grant and programme management

(Not applicable for individual projects.)

| | very poor | poor | adequate | good | very good | n/a |
|---|-----------|------|----------|------|-----------|-----|
| 8.1 How transparent is the approval process? | | | | | | |
| 8.2 What is the quality of the intermediary management? | | | | | | |
| 8.3 How efficient can the FMO execute its control responsibility? | | | | | | |
| 8.4 How relevant are the auditing arrangements? | | | | | | |

Comments

Re 9 Application for advance payment

(If applicable)

Comments

| |
|--|
| |
|--|

Re 10 Answers to specific questions raised by FMO in the appraisal request



Re 11 Conclusive recommendation and opinion of the appraisal agent

Signature

Completed by _____ (typed name)
_____ (signature)
_____ (date)
_____ (company)