

Organizing the Financial Mechanism Office

A review of options

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Foreword

In this report the Agency for Public Management and eGovernment (Difi) presents its review of organizational options for the Financial Mechanism Office in Brussels.

The review is prepared at the request of the Norwegian Ministry of Foreign Affairs.

We wish to thank all interviewees in the Financial Mechanism Office and in the ministry for their cooperation.

Senior advisers Dag Solumsmoen (project manager) and Eivor Nebben have prepared this review. Responsible manager has been Vivi Lassen, Head of Department for Public Administration and Organization.

Oslo, December 2009



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1 Executive summary

The Norwegian Agency for Public Management and eGovernment (Difi) has been assigned by the Norwegian Ministry of Foreign Affairs (NMFA) to review options for organizing the Financial Mechanism Office (FMO) for the period 2009-2014.

The FMO needs to assess and adapt its organization to be prepared for dealing with a new scheme for EEA and Norway grants, which is now being negotiated. At the same time the FMO must take into account the needs of the current Financial Mechanism which has been running since 2004. This will still require considerable capacity until late 2011 because disbursement will continue through 2011, even though the commitment period for project approvals expired in April 2009.

Observations of the FMO and interpretations by the project team

- In a very short time the FMO has gone from a “mission accomplished” atmosphere to an anticlimax, reinforced by a prolonged uncertainty about the new mechanism and uncertainty about the expiry or extension of individual contracts. This could entail a motivation problem among staff.
- The current mechanism is at risk of losing priority i.a. because the new mechanism carries the charm of novelty and the prospect of prolonged contracts.
- As a young, small and fast-growing organization the FMO has not been able to keep up with an increasing need for structure and formalization. There is an inconsistent division of work and responsibility. This weakens accountability and leaves the director without the support of a coherent management structure.
- There is a demand for more leadership, and the role of the middle manager is poorly defined. The heads meeting is an information forum only, and there is insufficient internal communication.
- There is no clearly expressed distinction between line unit and staff unit functions, and the role played by the Legal Unit has been a source of internal conflicts.
- Among staff there is fairly strong opposition to creating a division between a “first class” team dealing with the new mechanism and a “second class” team dealing with the current mechanism.

Expected outline of the new mechanism

The new mechanism is expected to differ from the current one on a number of points:

- Introduction of a programme approach (instead of individual projects) entails a more strategic and result-oriented management system, with new requirements for qualifications, i.a. more sector-specific expertise.
- The principle of bilateral partnership will be reinforced.
- Fewer priority areas and more specific focus areas within the priority areas.

Organizational challenges

When reorganizing the FMO for the next 18-24 months the main challenge will be to create organizational measures that ensure enough attention and capacity for the current mechanism when the organization is faced with the attraction of the new mechanism. In view of the varying workloads that are to be expected in both mechanisms, another important concern will be to organize a flexible use of resources.

Two main options are outlined as a point of departure: The zero option, which is to continue the status quo with minor adjustments, and the parallel option, which is to create another secretariat in parallel with the existing FMO.

A middle course option

As both main options have serious drawbacks, we recommend a middle course option for the next two years characterized by:

- one head of section with full responsibility for the current mechanism, and authorized as deputy director.
- one head of section with responsibility for the new mechanism, starting with a few officers, but borrowing officers from the current mechanism for development tasks
- one head of staff in charge of all staff and support functions
- consolidation of the management structure: The heads meeting consists of the director and the three heads of section only
- clarification of staff and support functions:
 - o the Administration, Information and Legal Units should be seen as staff/support functions
 - o the Financial Unit under the current mechanism should be seen as a line function unit
 - o Preparations for evaluations should be kept in the line units, while an overall analysis function, i.a. based on evaluations, could be placed in a staff unit position together with Information
- the head of section for the current mechanism will be supported by group leaders for the three line units within the section (Country, Sector and Financial)
- 1-2 positions in the line units should have the bilateral dimension as a primary concern in their job descriptions.

Another reorganization in 2011

The current mechanism is to be terminated in late 2011, laying a basis for another reorganization:

- the section for the current mechanism is no longer needed and should be phased out, leaving only one line section which should be subdivided into two or three units/groups defined by sector.
- the role of the Financial Unit will be less operative, which will make it more rational to place it in a staff unit position.

Supplementary recommendations

The last chapter lists a number of recommendations to support the proposed reorganization. In the short term, we recommend announcing three new heads of section positions, mapping skills and competence within the FMO, and clarifying whether individual contracts expiring in 2010 will be extended or not.

2 Background

2.1 The assignment

In September 2009 the Norwegian Agency for Public Management and eGovernment (Difi) was commissioned by the Norwegian Ministry of Foreign Affairs (NMFA) to review options for organizing the Financial Mechanisms Office (FMO), cf. the attached Project plan dated 2 September 2009 (Annex 1).

The main objective of this review is to provide the NMFA with independent advice on organizational models for the FMO for the period 2009-2014. The review is meant to provide a basis for internal discussions on possible organizational measures for FMO.

A timeframe of six person-weeks was allocated for the completion of the review. Senior advisers Eivor Nebben and Dag Solumsmoen were the two members of the Difi team. NMFA's contact persons were deputy director general Steinar Hagen and senior adviser Anne Mette Strand.

2.2 Methodology

Given the timeframe available this cannot be an in-depth study, but an overall assessment of possible options.

The review has been carried out through an assessment of available documentation as well as through interviews. The main documents to be studied were

- the Mid-term Evaluation of the EEA Grants (Norad 2008)
- Review of the Administrative Framework for the Implementation of the EEA Grants (Statskonsult 2007)
- EØS-midlene – årsrapport (NMFA Annual Report 2009)
- The website www.eeagrants.org
- Assignment letter from NMFA to FMO
- Norway Grants 2004-2009. Annual Report 2008 (FMO 2009)
- Proposition no. 1 (2008-09) to the Storting (NMFA budget)

During the period 15 to 18 September the Difi team conducted interviews with a selection of FMO staff and with the FMC members (see Annex 2). An interview guide had been distributed in advance, giving the interviewees an opportunity to prepare for the interview. Those on the FMO staff not selected for interview were given the opportunity to give input in writing to the Difi team.

Interviews have also been conducted with the NMFA section staff responsible for the Norwegian grants, and an outline of the main issues raised in the report was presented and discussed at an internal seminar in NMFA on 16 October.

3 Brief description

3.1 Financial mechanisms for awarding EEA grants

The establishment of the EEA-grants was agreed between the three EEA/EFTA states (Iceland, Liechtenstein and Norway) and the European Union as part of the EEA enlargement agreement. The grants are primarily based on funding single projects, but there are also a number of programmes and funds.

The EEA grants consist of the EEA Financial Mechanism and the Norwegian Financial Mechanism, which in total have made available 1,167 billion euros over the five-year period 2004-2009, supporting projects in a wide range of priority sectors.

These mechanisms aim to reduce social and economic disparities within the European Economic Area (EEA), and to strengthen the bilateral relations between the beneficiary states and the EEA/EFTA states. The beneficiary states are the 12 new EU member states (For the EEA-FM the beneficiary states also include Greece, Portugal and Spain).

In order to establish a framework for cooperation and to clarify the roles and responsibilities under these mechanisms, Memoranda of Understanding (MoU) have been concluded with each beneficiary state.

A National Focal Point has been the co-ordinating authority in each beneficiary state, with responsibility for open calls for individual project proposals and prioritization of received applications.

3.2 The Financial Mechanism Office (FMO)

The Financial Mechanism Office (FMO) in Brussels, attached to the EFTA secretariat, is the secretariat for the EEA-grants. The FMO reports to the Financial Mechanisms Committee (FMC) with the three donor countries as members, for the EEA Financial Mechanism, and to the NMFA for the Norwegian Financial Mechanism. The FMC, which meets on a monthly basis, takes decisions on budget, certain project amendments and policy issues.

The FMO is responsible for the day-to-day implementation, and serves as a secretariat for the donors and as a contact point for the beneficiary states. The staff, which now totals 33 (reduced from 42 earlier this year), are multi-national and not only from the donor countries.

The FMO's formal organization comprises one director and six line units (called teams): Information, Administration, Country Coordination, Sector Coordination and Reporting, Legal, Finance (see Annex 3).

Under the current mechanism, the FMO has prepared decisions on the project applications received from the beneficiary states and submitted them to the FMC or the NMFA for approval. Following the approval, a Grant Agreement between donor and recipient has been concluded for each approved project.

During the project implementation phase, the main task for the FMO is to follow up on the 1,200 projects which have been approved. Since the portfolio is so large, the officers in both the Country Unit and the Sector Unit have portfolios up to (and in some

cases above) 100 projects each. Also other officers, irrespective of their unit, have portfolios of projects to follow up.

More specifically, the main tasks in the implementation phase include review of Project Interim Reports (payment claims or PIRs), monitoring, project amendments, irregularities and Project Completion Reports. For example, the PIR process is teamwork between task managers and financial controllers. Monitoring includes the task manager, external monitoring agents and possible follow-up from the office. Other teams may be involved depending on the complexity of the issues, in particular Legal as well as Finance and Information.

In addition, the country officers have responsibilities for country work, overview of the country portfolio, annual meetings, knowledge of country etc. The sector officers have responsibilities linked to reporting, overview of the sector portfolio and knowledge of the sector in general. The sector officers are also involved in reviews and evaluations of their sector.

To handle requests for amendments, review irregularities, etc, three groups have been established to facilitate the work. The Project Amendment Group reviews requests for modification of projects and recommends their approval/rejection by the Director (or the FMC). The Grant Committee monitors projects that are delayed and initiate actions to resolve difficulties. The Irregularities team assesses information received on possible cases of corruption and other irregularities and initiates necessary follow-up actions. The task managers submit projects to these groups as needed.

The types of meeting held by the FMO include:

- Heads meeting: once a week. Update from the different teams (units), and issues at hand.
- Team meetings: 1-2 times a month, tasks at hand.
- FMO staff meetings: 1-2 times per month. Update from FMC, other tasks at hand, update from the teams.

The FMO also lends resources to support the donors in their preparatory work on the new financial mechanisms, including FMO's experience with the current mechanisms and informal preparatory work on the rules and regulations for the new mechanisms.

4 The current mechanism and the FMO

4.1 Experiences and lessons learnt

Starting up a financial mechanism takes time

After starting up in May 2004 the NMFA and the FMO focused on setting up the institutional framework. Although delaying the call for proposals, this was deemed necessary in order to ensure proper procedures for processing the applications. Also, the recipient countries were slow to establish their administrative structures, and the process of prioritizing the applications in the beneficiary states turned out to be quite time-consuming and had to be simplified.

A national expert in the Commission proved very useful

The EU screening of the project applications was also very time-consuming (up to 8 months). By hiring a national expert in the Directorate General Regio for coordinating the screening, the time required for screening was significantly reduced to a maximum of two months.

Procedures and internal organization of the workflow had to be simplified

By the end of the five years period the FMO had received around 1200 applications, most of which were approved.¹ In order to take on the increasing workload towards the end of the period (late 2008/ early 2009), the capacity was increased by hiring a number of short-term staff. Nevertheless, a huge backlog built up, forcing the FMO to simplify its procedures.

Originally, a task manager was appointed for each application received, and he/she would be supported by a team of 1-2 staff, preferably covering both country and sector specific expertise. The team's recommendation would then be circulated to the Legal Unit and the Financial Unit for their opinion and advice before being submitted to the director. However, in order to keep the time limit, this structure was abandoned, and task managers had to process the applications single-handed. The quality control was also modified in this final phase.

The rules were too risk averse

Statskonsult's review (January 2007) pointed out that the rules and procedures of the current mechanism seemed too risk averse. The focus on control, including payment in arrears, and the focus on individual projects (instead of programmes) made for an inefficient system. This has been taken into account when preparing for the new mechanism.

Need for more delegation to the beneficiary states

The FMO is in the process of delegating the work related to assessing and approving requests for project amendments to the National Focal Points. This will reduce the workload on task managers.

Backlogs may reappear

¹ The rejection rate was around 9 %.

The backlog problem experienced recently may reappear in the project implementation phase. The reason is that each approved project may generate 4 payment claims each year, and only 25% of the total amount granted has actually been paid so far. In addition, as more projects are up and running, there is a risk that more of them will encounter difficulties, and that more irregularities will occur, both of which would cause an increased workload. These are reasons for concern about FMO's capacity to process payment claims within the stipulated time limit (October 2011).

4.2 Some impressions of the FMO

From mission accomplished to an anti-climax

This year the FMO can rightly take pride in a mission accomplished. The huge backlog building up in 2008-09 was undoubtedly a tremendous challenge, given the time limit of 30 April 2009. However, an all-out effort was made, and the young dedicated staff worked long hours and succeeded in keeping the time limit.

After such an effort, it is only natural that there is a feeling of anti-climax among the staff. This sentiment is reinforced by the delayed negotiations on a new mechanism which enhances the uncertainty among staff, both with regard to tasks and organization. Moreover, by next year quite a few officers will have reached the termination of their six years (or three years) term in the FMO. For them, this is a cause for concern and there is impatience with management/donors for lack of clarification of whether their work contracts will be extended or not.

The charm of novelty

There is now an interim period until the regular work on the new mechanism can start. Some of the heads of units are presently involved in providing input to the development of the new mechanism. Most country and sector officers want their skills and expertise to be used for these kinds of development tasks. To be involved in the new mechanism carries the charm of novelty and the prospect of more interesting tasks. It is also perceived as a better positioning for those who want to stay on in the FMO. So far, however, very few have been asked to contribute.

At present, the bulk of the work performed, at least below management level, is focused on monitoring, which often is perceived as less attractive. One of our interviewees said: "The work is more administrative than before." Others expressed a need for recruiting new personnel to take over the monitoring tasks.

Growth pains

The FMO has experienced rapid growth from having a staff of approximately 10 in 2005 to more than 40 in early 2009, and now back to 33 after the termination of a number of short-term contracts. It comes as no surprise that such a young, small and fast-growing organization has not been able to keep up with the growing need for structure and formalization. Routines, job descriptions and workflows are not being sufficiently adjusted to new demands, and there is a fair degree of improvisation and informal adjustments, for instance when the processing of applications and the monitoring of projects are distributed to nearly all units and officers, irrespective of their proper field of responsibility. As one of the interviewees put it: "Everybody is doing everything."

High on heads - low on leadership.

The management of FMO counts one director and six middle managers (called heads). Having in mind that the FMO staff now totals 33, the proportion of managers is quite high. Nevertheless, and perhaps paradoxically, one of the main perceptions of some of the officers is a lack of leadership. This relates both to top and middle management.

The director's management style is by some described as management by consensus, at least within the management group, and this is generally viewed as a good thing. However, this may sometimes be perceived as indecisiveness, illustrated by the situation early this year when the donors felt the need to intervene to modify procedures in order to keep the time limit.

At the next level, we find that the heads of units were recruited early to the FMO as senior professionals, and they seem to have "grown into" management positions later, while the FMO increased from a handful of persons to around 40. The heads' role as middle managers has not been the subject of systematic discussion.

Heads meeting an information forum only

Apparently, the heads meeting is mainly an information forum. As far as we know, there are no prepared discussions on FMO strategy or related questions prior to the director's decisions, and no systematic follow up of previous decisions etc.

Insufficient internal communication

Several of our interviewees claimed that the internal communication within the FMO is less than satisfactory, and this view seems to apply both bottom-up and top-down:

First, as expressed by one officer: "There are no structures for voicing our views on how FMO works." Apparently, the different meeting formats (team meeting, staff meeting and heads meeting) do not provide adequate channels for such communication. The staff meeting, with everybody present, is clearly an inadequate channel for bottom-up communication, and the team meetings and the heads meeting seem not to be geared to this function.

Second, there is discontent with the communication top-down. This appears to be a task for the Information Unit, which has very little capacity for it. An example being used by some of our interviewees to illustrate lack of communication was the "reshuffle" this summer. Responsibilities were shifted among staff, mainly to the effect that some officers were removed from their country portfolios, which apparently was an attempt to create a more clear-cut division of work between country and sector specific expertise. In this situation, which caused some confusion and anxiety, there clearly was insufficient and inconsistent communication. The understanding of this reshuffle varied among the middle managers, thereby adding to the confusion among the officers.

Legal unit in a veto position?

A source of conflict within the FMO has been the role played by the Legal Unit. To an increasing extent Legal has put itself in a "veto position" when it comes to approval of applications. Recently, this has been typical of the applications for project amendments. In some cases this has made for rather severe and time-consuming conflicts between Legal and the other units, and a management by consensus approach will be unsuited to

the handling of such situations. On the other hand, it is widely accepted that Legal represents an expertise which is important to FMO for quality assurance.

Nothing but line units?

The role played by Legal serves to illustrate a confusion that the organization chart manifests (see annex 3): All six units are portrayed as line units, none as staff or support units, giving the impression that they are all performing the primary function of the FMO, which presumably is to produce recommendations for grant agreements and to disburse the grants awarded. Some of the functions of the FMO are definitely not line unit functions, a fact which was pointed out by some of our interviewees.

The Oslo Connection – official channels only?

There is a perception among the FMO staff that there are contacts between NMFA and individuals in the FMO outside the official channels. These contacts are believed to involve not just information, but also mutual clarifications, taking orders, informal approval of change of procedures etc. However, such perceptions are not shared by the director or by the NMFA.

Staff: No need for reorganization

When asked about the needs of the new mechanism, the officers tend to reject the idea of reorganization. The typical response is that the workflow could easily be adjusted to process programmes instead of projects, and that the only need is to recruit a few more sector experts, alternatively to recruit a few more officers to work on the current mechanism, which would allow some of the present staff to start working on the new mechanism. There is divergence from this view on the management level where there is some recognition of a need for reorganization.

Among staff there is also fairly strong opposition to creating an organizational division between the new and the current mechanism because this would support the perception of a “first class” team dealing with the new mechanism, and a “second class” team dealing with the current mechanism.

4.3 Some interpretations

Summing up our own interpretations of the FMO, we find reason to emphasize the following:

The current mechanism is at risk of losing priority

In our view, the attraction of the new mechanism carries a risk that the current mechanism in practice will get lower priority, even if for the next two years it will require the major part of FMO’s efforts at least with regard to capacity. This is the case even though both the director of the FMO and the NMFA underline the importance of ensuring this capacity.

A motivation problem?

The current sentiment of anticlimax after the peak period should not be a problem in the short term. But the prolonged uncertainty of the new mechanism and the perception by some officers that the remaining tasks under the current mechanism are somewhat monotonous, point to a potential motivation problem.

An improvised and confusing organization weakens accountability

The current situation in which project portfolios are allocated to almost everyone, makes for a confusing organization. The original structure is no longer capable of providing an overview of personnel and tasks. Such unclear allocation of responsibility will also have a negative influence on accountability, leaving the director without the support of a coherent management structure.

Moreover, it is an open question how the present organization will deal with the new programme applications which will start coming some time in 2011. Will the organization of the workflow be partly team-based (for country and sector specific expertise), partly value-chain based (for legal and financial advice), as the intention was for the project applications? Or will another, more anarchic kind of organizing force its way, as it did in the peak period earlier this year? (see ch. 4.1)

The role of the middle manager is poorly defined

As mentioned above, the role of the middle manager has not been an item for systematic discussion, and the middle managers seem to be lacking in their roles as responsible for personnel and as a channel for voicing the concerns of the staff. This ties in with an impression of the middle managers only partly being an integral part of the FMO management, i.e. they do not form a coherent management group. And this is illustrated by an inadequate use of the heads meeting in which there is little room for decision-making processes and strategy considerations.

A distinction between line unit and staff unit functions is lacking

The distinction between the roles of line and staff/support units seems to be poorly understood. Information and Administration are undoubtedly staff and support units because they provide management assistance, they sometimes act on behalf of the management towards the line units, and in other contexts they support the line units. In the case of Financial it should probably not be understood as a support for the Country and Sector units. Rather, it is involved as an operative unit in its own right for processing the payment claims, thereby placing it in a line unit position.

Legal, on the other hand, has a role to play as a provider of legal advice and quality assurance, thereby placing it in a staff/support function. This contrasts with our observation of the present veto position, which, in our opinion, is a misconception of Legal's proper role. Quality assurance does not imply a veto position. That should be reserved for the director, who cannot rely on a management by consensus approach to deal with such situations.

5 The FMO and the new mechanism

5.1 Expected outline

A new scheme for EEA grants is now being negotiated and is expected to be finalized in the near future. The next step will be to negotiate rules and procedures and then MoUs with each beneficiary state. Before programme application can start, there will also be a phase of programme development in which the FMO will play a role, the scope of which is highly uncertain.

In this situation the FMO needs to assess and adapt its organization to be prepared for dealing with this new challenge, while at the same time taking into account the needs of the current Financial Mechanism and experiences made so far. FMO will still need considerable capacity until mid-2011 to deal with disbursement, reporting and monitoring of the current financial mechanisms.

The new mechanisms are expected to differ from the existing ones on a number of points:

Programme approach

Following the recommendations of the Mid-term Evaluation of the EEA Grants, the Financial Mechanism will change its focus from individual projects to more comprehensive programmes. The idea is that the financial mechanism should be more based on strategic thinking and performance management in line with the EU structural funds. The beneficiary states will be delegated responsibility for approving, paying, monitoring and reporting on individual projects within the framework of programmes which have been negotiated with the donors. This is expected to have significant efficiency gains, and it will affect the FMO's need for skills and expertise. In order to deal with comprehensive sector programmes it is considered necessary to strengthen the FMO's sector specific expertise, and adjust the structure and functioning of the organization.

Bilateral partnership

The principle of bilateral partnership is expected to be reinforced by being made more explicit in the new agreement. Consideration should be given to how this should be reflected in the planning and implementation phases of the new sector programmes.

Fewer and more specific priority areas.

The new mechanisms will be based on fewer priority areas than the current mechanisms. It is expected that the negotiations will be based on the following priority areas:

EEA:

- Environmental Protection and Management
- Climate Change
- Civil Society
- Human and Social Development
- Protecting Cultural Heritage

Norwegian Mechanism:

- Carbon Capture and Storage
- Green Industry Innovation
- Fund for Decent Work – Promoting Tripartite Cooperation
- Research and Scholarship
- Human and Social Development
- Justice and Home Affairs

More specific focus areas within the priority areas

An expected result of the future MoU-negotiations with each beneficiary state is that more specific focus areas (than for the current mechanism) will be selected as a basis for the development of sector programmes.

5.2 Concerns of the major donor

As pointed out in the Statskonsult review of the administrative framework for implementation of the EEA Grants (2007), the NMFA and the FMO seem to have different expectations to the role of the FMO: The NMFA perceives the FMO primarily as a day-to-day secretariat serving the donors, without any formal status, while the FMO tends to see itself more as a body with a relatively independent position.

This difference in role perception, which is not unexpected for such a ministry-secretariat relationship, is likely to be reinforced by the physical distance between the two. Another factor is that the FMO staff are multi-national, which tends to support the perception of the FMO as an international body rather than a secretariat serving the major donor state.

The difference of role perception provides a backdrop for some concerns about the present and future role of the FMO expressed by the NMFA as the major donor:

Enhancing the bilateral dimension

Under the current mechanism, up to 20 % of the projects have had some kind of a bilateral dimension, i.e. involving research communities, national authorities, NGOs, state or private enterprises in the donor states. However, this dimension was expected to be higher and to have a more prominent profile. The major donor, NMFA, expects this profile to be significantly enhanced under the new mechanism. This will require the FMO to work more proactively to create opportunities for bilateral cooperation, for instance arranging for matches to be made between donor states' institutions and programme promoters in beneficiary states. The FMO will also need to develop its relations with relevant government institutions in the donor countries to ensure a close communication with those involved in programme implementation.

However, this view is at odds with a widespread perception within the FMO that the bilateral dimension is an ambition which is unrealistic or at least very difficult to fulfil, due to the public procurement regime within the EEA-area. This applies not only to the participation of private sector companies, but covers also public sector players when their participation could be substituted by private sector players. Nevertheless, this objection applies less to the programme level, in which the most relevant bilateral

participation could be donor states' ministries and agencies involved in programme development.

Performance managing and reporting

NMFA has expressed concern with the present reporting system for not being sufficiently based on the need for reporting based on results. This should be viewed as an important element when laying down the foundation for a reporting system under the new mechanism. Unlike the current mechanism, the new mechanism is intended to be managed by a more performance and result-based system, paving the way for a reporting system more suited to the needs of the donors.

Rules and procedures better adapted to the objectives

NMFA has expressed concern that the present compliance culture in the FMO is too literalistic. Under the new mechanism, rules and procedures should be designed with a view to ensuring that the objectives of the mechanism, not the rules, are kept in focus.

Realigning the role of the Information Unit

NMFA and the FMO seem to have different perceptions of the role played by the Information Unit and what its proper role should be, especially in contexts in which there is need for a political understanding. Under the new mechanism these role expectations to the information function should be realigned in order to avoid conflicts.

5.3 Lack of relevant skills and expertise

An important factor for FMO to work successfully is to have relevant skills and expertise. As a consequence of the new programme approach under the new mechanism, this need for skills and expertise will change in the near future, for instance when the FMO is asked to give input to MoU-negotiations and to play a role in the subsequent programme development phase.

5.3.1 An assessment by the FMO

According to FMO's own assessment, the capacity today on the various priority areas is roughly as follows:

- Environmental Protection and Management: Sufficient capacity/expertise
- Carbon Capture and Green Industry Innovation: More resources needed
- NGO/Civil Society: Sufficient capacity/expertise
- Research and Scholarship Funds: Sufficient capacity, but lacking expertise (could be provided by consultants and/or by cooperating with donor states institutions)
- Cultural Heritage: Sufficient capacity, but lacking sector expertise (could be provided by consultants and/or by cooperating with donor states institutions)
- Fund for Decent Work - Promoting Tripartite Cooperation: Sufficient capacity
- Justice and Home Affairs: Clearly insufficient capacity and expertise. 1-2 extra sector experts needed.
- Human and Social Development: Insufficient capacity on Health. For the remainder of this priority area, capacity can be supplemented by external consultants.

In addition to the sector expertise, FMO also finds it necessary to strengthen its evaluation capacity.

5.3.2 Comments to the FMO assessment

It is difficult for an external observer to review the FMO assessment, but there are some considerations to be taken into account.

First of all, the existing expertise and capacity enabled the FMO to deliver on time earlier this year, and without any negative media focus on irregularities of any kind. Given the circumstances, this should be considered a significant achievement.

An important point is to what extent the sector expertise is equally relevant to the work under the new mechanism as under the current one. On the one hand, the priority areas do not seem to differ very much, either in scope or the degree to which they are specified.² This supports the FMO assessment that very much of the current sector expertise will be relevant and useful under the new mechanism.

On the other hand, the new programme approach may imply that the need for expertise will be different in the sense that programme development and appraisal will require more strategic and policy-oriented thinking. This will be related both to the relevant EU sector policies and to the individual country's policies. This may require a substantial reorientation of the work of the FMO.

Also, when there is no concrete project proposal to be examined, the FMO will not have the same opportunity to rely on external appraisal agents. Rather, if the FMO is to have a role in this phase and enter into dialogue with programme promoters in the beneficiary states, they will probably be expected to have more sector-specific expertise on a strategic level. Moreover, in such contexts the FMO would also greatly benefit from knowledge of how the administrations of the beneficiary states function. More generally, it shows that country-specific expertise will still be relevant.

Some of the donor representatives express a similar kind of concern already under the current mechanism. For instance, while the preparations of FMC meetings and the annual meetings with the beneficiary states are technically to the full satisfaction of the donors, it is considered that in such contexts the FMO would benefit from a better political understanding of the environment in which it is working. It is pointed out that very few of the staff have a professional background from national ministries and government agencies.

If this is a valid interpretation, FMO needs to have more knowledge and understanding of politics and relevant policies in order to be a well-functioning secretariat for the donors. Recruiting people with background from ministries and government agencies will probably also help promote the bilateral dimension.

In addition, there is a need for experienced personnel in respect of the development of strategic programmes and performance management systems if FMO is to play a role in the programme development process.

² But this impression may change if narrow focus areas are defined within the priority areas.

All in all, indications are that the FMO will need to recruit quite a few additional personnel even if the need for recruitment is balanced against the possibility of using consultants and cooperating with expert personnel in donor states' ministries.

In addition to the need for more sector-specific expertise in a number of areas, there is a need for better political understanding and experience of the development of strategic programmes and performance management systems. However, the option to allow some of the present staff to have further training in relevant fields should also be explored.

In order to clarify in which areas and to what extent there is a lack of expertise, the FMO would be well advised to make a more detailed assessment of the present capacities in view of the new mechanism (see also ch. 7.1).

6 Options for organizing

It seems fair to say that FMO has reached a point when it is necessary to take stock of the situation with a view to restructuring the organization according to changing needs and demands.

6.1 Criteria for organizing

Some criteria are more or less relevant to most reorganizations:

- *Accountability*: Any organization model should provide clear lines of accountability so that there is no doubt who is accountable to whom and for what. Accountability follows the chain of command from the bottom up within a hierarchy.
- *Manageability* entails an unbroken chain of command from the top down and with clear division of fields of responsibility. The structure should provide the management with an adequate basis for coordination and prioritization.
- *Effectiveness*: Does the selected model support the achievement of the organization's objectives?
- *Efficiency*: Does the selected model provide an adequate framework for the tasks at hand? And for cost-efficient use of resources?
- *User orientation*: Is the model adapted to the needs of applicants? And does it provide channels for influencing e.g. the design of the application procedures?
- *Legitimacy*: Seen from the donors' perspective: Does the model appear to safeguard the concerns of the donors? Does it contribute to the building of trust?
- *Simplicity*: Is the model easy to understand and communicate?

Some of these criteria are part of the organizational challenges mentioned below.

6.2 Specific organizational challenges

The most important criteria in this case will be what we consider as the organizational challenges when organizing the FMO:

First, the organization should not only serve the new mechanism effectively, but it should also serve the *current* financial mechanism. The mechanisms are at quite different phases: The new mechanism is still in its pre-initial phase, in which the FMO may only have a role to play by giving input to the rules and procedures for the mechanism and to the subsequent MoU-negotiations. The current mechanism, on the other hand, has reached its later phases: disbursement, monitoring, reporting and evaluation.

For the next 18-24 months the FMO will be required to work under these two in parallel, which will require two different sets of focus, work procedures etc, while the two mechanisms will to some degree have the same external cooperation partners. The need for expertise will partly be common, partly different. The challenge here will be to make organizational measures that ensure enough attention and capacity for the current mechanism, when the organization is faced with the attraction of the new mechanism.

Second, these mechanisms will go through a “life cycle” with varying workloads, accumulating backlogs in two phases: the first when the time limit for awarding grants expires, and the second when the time limit for disbursements expires. These time limits will not coincide, but nevertheless, the varying workloads underline the importance of flexibility in the organization and the use of qualified resources within the FMO.

Related to the second point there is the question of an efficient workflow, especially regarding the new mechanism in the application phase: Should the work process be organized as a value chain, in which different kinds of expertise are involved at different stages in the process? Or should the work on each application be organized as teamwork, in which all relevant expertise, based on some kind of matrix structure, joins in the processing until a recommendation is submitted to the director?

6.3 Alternative options

A first response to the question of organizing the FMO is that there are really two main options: One is the zero option, which is to continue the status quo, possibly with minor adjustments. The other, which may be called the parallel option, is to create an entirely new secretariat in parallel with the existing FMO.

6.3.1 The zero option

The zero option would be to keep the current model as a basis and introduce some incremental changes to handle the new tasks, e.g. strengthen the sector-specific expertise, possibly also returning to a clearer division of responsibilities between Country and Sector, as the “reshuffle” this summer would indicate.

However, this does not provide an answer to the first organizational challenge: How to ensure enough attention and follow-up and problem solving capacity for the current mechanism, when officers are faced with the attraction of the new mechanism? A vital question will be how to decide on the distribution and redistribution of personnel resources between the two mechanisms in order to meet changing demands. In a broader sense: how do we ensure that vital questions for the FMO are the main topics for discussion in the heads meeting?

Consequently, we see a need for an organizational structure which provides a basis for dealing with such questions, or more specifically: A middle management level in which the two mechanisms are the main elements of the responsibility and accountability structure. The zero option does not provide that kind of structure.

As to the second challenge, the zero option does provide flexibility: There is very little specialization with regard to the follow-up of project portfolios, which means there is a potential for reallocation of tasks. However, the active management capacity for such reallocations is probably not sufficient, due to an inadequate use of the heads meeting and the poorly defined role of the middle manager.

It is also uncertain how to organize the workflow, especially in the application phase. In this case, it is not clear what the current model actually implies. The current practice,

however, seems to be a mix of team-based organization and value chain organization (see ch. 4.3).

6.3.2 The parallel option

This option would establish a new secretariat, while the existing FMO takes care of the current mechanism until it is phased out by mid-2011. This would allow a new secretariat to be tailor-made to the needs of the new mechanism, and it would also ensure that FMO remains focused on the current mechanism.

However, this option does not provide an answer to the second challenge: how to ensure flexibility in the use of resources. Rather, two separate secretariats would explicitly hamper flexibility both in terms of use of personnel, systems³ and office premises. Worse still, it would imply a significant waste of competent resources because some of the FMO skills and experience will be useful to the new mechanism:

First, FMO has developed cooperation with all National Focal Points and other relevant public institutions and NGOs in the beneficiary states. This kind of “know-who” will be an asset to the development and running of the new mechanism, assuming the Focal Points will still have a role to play. These kinds of contacts have also provided FMO with a country-specific knowledge of national priorities and how these national administrations and civil societies function.

Second, under the current mechanism the FMO has developed an understanding of what works and what does not in different countries, for instance what kind of projects and funds are a good choice and what are possible pitfalls, e.g. where it may be unwise to let national authorities take over the administration of funds.

Third, FMO is experienced in developing rules and procedures and can give guidance to beneficiary states who are taking over the prioritization and control of individual projects within the new programmes. The new mechanism may also benefit from FMO experience of building routines for monitoring, reporting, statistics and evaluation.

Admittedly, these drawbacks of the parallel option could be overcome by recruiting relevant expertise and experienced personnel to the new secretariat from the FMO. However, this would serve to intensify another drawback of the parallel option: The FMO staff, without any prospects of new tasks, could easily be demotivated and start seeking other employment. The FMO would then have to hire an increasing number of personnel on short term contracts, losing continuity in the process.

An additional drawback can be seen from the users' perspective: The National Focal Points would have to deal with two secretariats instead of one. However, the role of the Focal Points may carry less weight under the new mechanism.

³ Our information is that the existing system for case processing could be modified to take on the needs of a programme-oriented mechanism.

6.3.3 A middle course option

When examining the two options in the light of the organizational challenges, it appears that they both have serious drawbacks. Therefore, we have sought a solution somewhere in between these two options.

An outline of a middle course option could look like this:

Fixing accountability to the mechanisms

A first priority would be to have one head of section⁴ with full responsibility for the running of the current mechanism, i.e. project implementation. We see it as essential to have this specific focus and responsibility represented in the management group. One single person should be accountable to the director for the running of that mechanism, i.a. to ensure that this mechanism has the necessary supply of personnel resources. To reflect the responsibility and to signal the importance of the current mechanism, this position should also have the title of *deputy director*.

This would leave the director with more capacity for involvement in the development of the new mechanism. Nonetheless, there should also be one head of section with full responsibility for the new mechanism. For the next 18-24 months this would involve giving input to rules and procedures and MoU-negotiations, and advising on programme development, the use of templates etc. This will entail an ad hoc organizing of different development tasks. One such task would be to explore how the bilateral dimension should best be promoted under the new mechanism. Another would be to consider how to make best use of the national expert in the EU Commission in the programme appraisal phase.

Ensuring flexible use of resources

Unlike the parallel option, the head of section responsible for the new mechanism would have only a few officers on a permanent basis under his/her supervision, at least from the outset. Instead, officers from other units would have to be borrowed on a needs basis and for an agreed number of months, and often on a part-time basis. This would be a way of utilizing the skills and experience in the current FMO and of having the necessary flexible use of personnel resources to deal with the challenges of developing the new mechanism. Some of the staff lent to the new mechanism would gradually be made permanent and on full time to meet the increasing workload, notably when the programme applications start coming in.

However, this process would have to be balanced against the needs of the current mechanism for personnel resources. The two heads of section (for the two mechanisms) would have to “negotiate” the use of resources while the director acts as a mediator and has the final say. In fact, this would be an important part of the managers meeting.

Consolidating the management structure

Even more importantly, this option implies a consolidation of the management and accountability structure of the FMO. In addition to the two heads of section, there

⁴ “Head of *section*” instead of “unit” or “team” signifies a higher level position, more integrated in the management structure and with personnel responsibilities.

should be only one head of staff who would be in charge of all staff and support functions. The heads meeting - as a strategy and decision-making body - should then only include these four managers: The director, the two heads of section, and the head of staff. Others should only participate on a needs basis.

Clarifying line or staff/support functions

Which units and personnel should be placed under the supervision of the head of staff?

Information and Administration are undoubtedly staff/support units, and this will also be the case in the future.

As mentioned earlier, under the current mechanism Financial should not be understood as a support unit, but as an operative line unit. Under a new mechanism, however, this may turn out differently because the programme approach will entail the delegation of a number of disbursement and control activities to the beneficiary states and a shift of focus for Financial to auditing. Nonetheless, in the short term the bulk of the financial expertise will probably be needed in the implementation of the current mechanism, and the financial officers should therefore be a part of the section for that mechanism.

The role of Legal is to provide legal advice and quality assurance, i.e. a typical staff/support function (see ch. 4.3). In the short term, Legal can be expected to be equally much involved in the running of current mechanism as in the development of the new mechanism. It therefore seems rational to place it in a staff position, serving both mechanisms, at least until the new mechanism is developed and the programme applications start coming in.

We also need to consider the position of evaluation. Generally, evaluation is an activity considered to require a more independent position than most activities within an organization in order to prevent undue influence on the evaluation results. This would entail a separate staff unit for evaluation. However, a number of factors point in a different direction:

First, the actual evaluations are carried out by external consultants, not the FMO itself. Second, the preparatory work, i.e. defining the evaluation assignments, is so closely linked with the ordinary follow-up activities related to project implementation that it would not be a rational use of resources to keep them in different units. Third, the organization is so small that it is not feasible to have a separate evaluation unit.

A solution may be to keep the practical work on evaluations together with the follow-up activities in the line units, while a separate analysis capacity could use evaluations and data from other sources to analyse the impact of the EEA grants and the FMO, thereby providing the donors with useful analyses and assessments on an overall level. This function could be placed at the disposal of the director, in a staff unit position together with Information.

Consolidating line functions

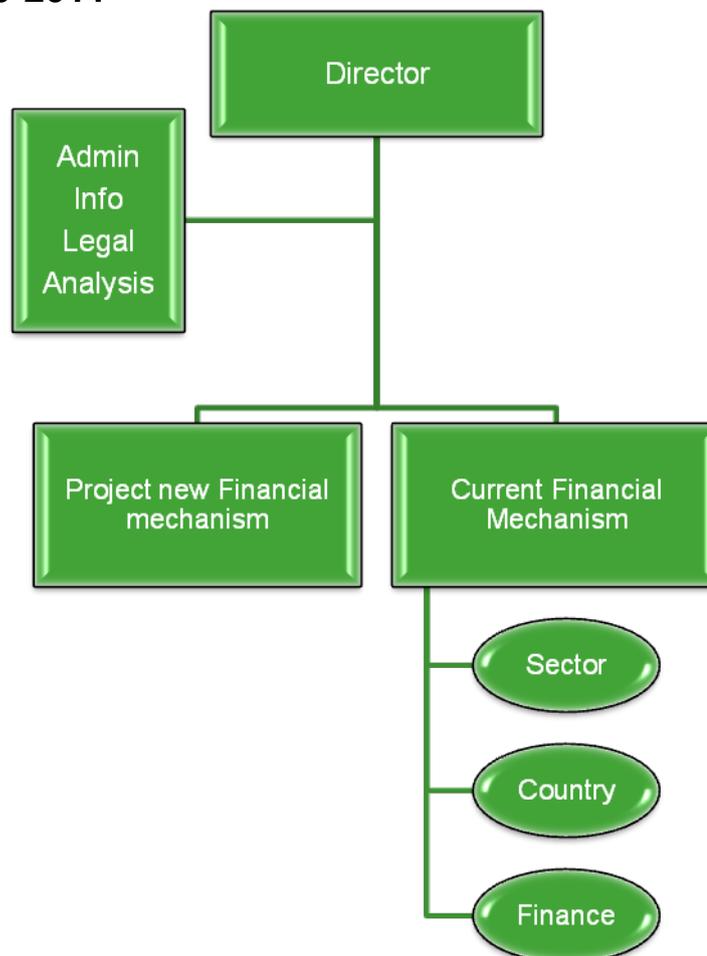
For the next two years the line functions will revolve around project implementation (monitoring, reporting, review etc), and this will involve personnel from today's Country, Sector and Financial Units. Since this will total 20-25 officers, we would

suggest to keep these three units and appoint a group leader for each of them in order to avoid a management deficit.

Unlike a middle manager, a group leader has no personnel responsibility. He/she is a senior professional in the group and supports the head of section, for instance with regard to resource planning/allocation, by developing and systematizing relevant knowledge, by stimulating best practice work methods, etc.

The workflow of the line functions could still be organized with a task manager for each project, either from Sector or Country. The task managers' close cooperation with Financial will still be needed. But follow-up activities should gradually be more specialized than today, in order to ensure quality and to reallocate permanent personnel resources to the new mechanism.

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Strengthening the bilateral dimension

In view of the experience so far, consideration should be given to laying a structural basis for promoting the bilateral dimension in programme development and project implementation. However, in our view this is not a question of organizing a separate unit, but rather a question of how to integrate this concern into the line units.

A relevant measure would be to have one or two positions with the bilateral dimension as a primary concern in the job descriptions. Beyond that, they should be expected to take part in the line units on the same level as the other officers. These positions should be recruited from donor states ministries or government agencies. This would serve to ensure knowledge of relevant expertise and also of research communities in the donor states, as well as to strengthen the FMO's understanding of political concerns.

6.4 Organizing after termination of the current mechanism

The current mechanism will not be completely terminated after October 2011, but the workload will probably be very small. The bulk of this workload may have been significantly reduced after April 2011, when the time limit for payment claims expires. If this coincides with the new programme applications starting to come to the FMO, it will make it easier for the FMO to reallocate resources.

By the end of 2011 a position as head of section for the current mechanism should be superfluous and should be phased out. The management structure should then be focused on the new mechanism. Whether the head of this section should then be authorized as the deputy director will have to be considered later.

As the new programmes will be defined by sector, this also seems to be the most appropriate organization principle for this structure. The development of programmes, the processing of programme applications and the follow-up of programme implementation will primarily require sector-specific expertise. In terms of organization this would imply a categorization of priority areas, for instance Justice and Home Affairs, Environment and Cultural Heritage, Human and Social Development (including Health and Civil Society, possibly also Research and Scholarship). Having in mind the small size of the FMO, the line units should probably not total more than 3 units, each headed by a group leader and each counting 5-10 officers.

In this model, country coordination will no longer have a separate unit. The country officers will be allocated to various sector units according to their preferred sector affiliation. However, they will still function as country contact persons and will therefore be expected to work across units when "their" countries relate to other units.

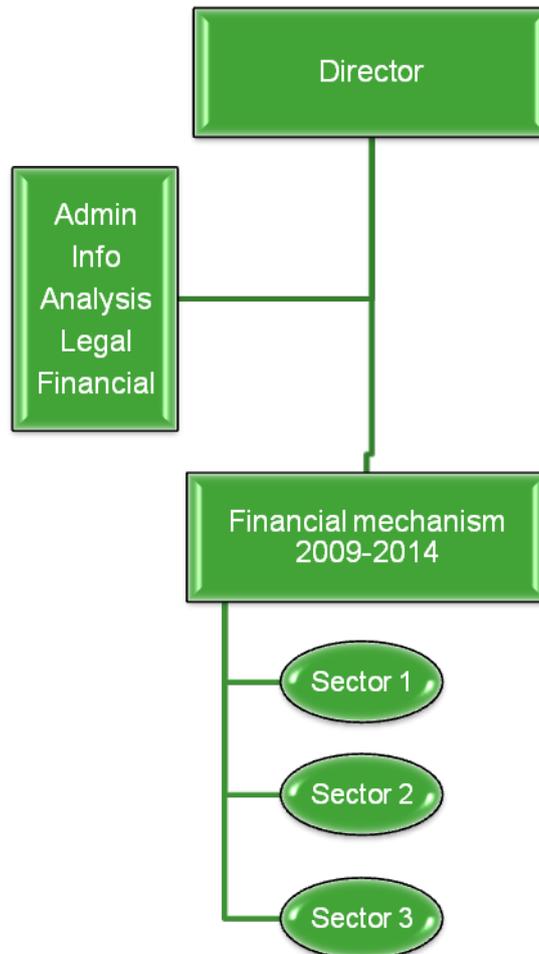
Unlike the former period, Financial will be placed in a staff/support unit function. This is because the processing of payment claims will have been delegated to the beneficiary states, leaving Financial to focus on budget, auditing etc which are more typical of a staff unit function.

Organizing the workflow

The programme approach of the new mechanism implies a significantly lower number of applications (estimated in the region of 80-140), than under the current mechanism

(around 1200). This could make it more feasible to take up the former practice of appointing a task manager and a supporting team of 1-2 members from the line units for each application. Such teams may need assistance from Legal and Financial, but our assumption would be that this assistance should not include joining the team, only to provide advice to the teams on request.

FMO 2012-



7 Supplementary recommendations

When reviewing the formal structure of an organization, it is important to have in mind that this is only one of several factors influencing the functioning of that organization. The formal structure regulates roles and rules on who is responsible for what, who is accountable to whom, how various processes should be organized etc, thereby influencing the behaviour of individual members of the organization.

However, even if reorganizing the formal structure often is necessary, it is not sufficient to meet the challenges facing an organization. A reorganization of the formal structure should be accompanied by other changes relating to leadership and management, review of work and decision processes, recruitment and motivation, technology and system development, etc.

Below are listed some recommendations which will supplement the reorganization proposed in the previous chapter.

7.1 In the short term

Announcing positions as heads of sections

In our view, a priority in the short term should be to announce the three positions as heads of section (including the head of staff).

Given the experience already present in the FMO, an internal announcement only for the position as head of section for the current mechanism should suffice, thereby saving a good deal of time. As mentioned, the person appointed should also be assigned the status of deputy director for the duration of the mechanism.

As to appointing a head of section for the new mechanism, this position should be announced externally. Given the new content of this position, it seems appropriate to include an external selection of candidates, even if this entails a time-consuming process. In the meantime the director could take a more active part in the development processes of the new mechanism.

Mapping skills and competence

We would recommend making a fairly detailed overview of the existing skills and competence within the FMO. Obviously, there are already relevant data in the personnel files, but it would also be necessary to analyse the future needs of the new mechanism and to assess the degree of relevant FMO skills and experience in this regard. This is an exercise that should be conducted in close cooperation with the donors because we see differing assessments of the present capacities and needs. The whole process should lead into a plan for recruitment.

Clarifying contracts

As mentioned, many of our interviewees called for a clarification of whether their contracts will be terminated or extended, at least those expiring in mid-2010. An immediate response to this is recommended in order to lay a basis for better motivation and a better working atmosphere, and it would also be a useful factor in resource planning for the FMO.

7.2 In the medium term

- In order to ensure recruitment from donor states i.a. to ensure the bilateral dimension, we would recommend exploring possibilities for secondments of national experts. Such an arrangement, e.g. using one-year contracts, would probably make it easier to recruit this kind of expertise.
- In our opinion, there is now an inadequate use of the heads meeting in the sense that it is mainly an information forum. A reorganization in line with the middle course option would probably in itself change this pattern. By restricting the number of participants there would be a better basis for focus on decisions and strategies. However, this should be discussed and clearly expressed as an overall ambition for this forum.
- In view of the differing role perceptions of the Information Unit (see ch. 5.2), the FMO would be well advised to work out a communication strategy for the new mechanism, in close consultation with the donors, clarifying the objectives and roles of the Information Unit.
- One measure to improve internal communication would be to allow staff to elect a local staff representative with whom the director could have regular consultations. This would provide a channel for voicing opinions and concerns about the organization of the workplace, etc. In addition, it would provide an extra channel for the management to inform the FMO about decisions and plans, and to explain them. As there is already a system of representation within the EFTA, a local consultation system would probably have to be kept on an informal basis.
- We found differing perceptions in NMFA and FMO about how communication between the two should be channelled, and how it is actually channelled. Therefore, we would recommend organizing an internal review of routines and practices for communication and decision-making in this regard, and a subsequent discussion between the two levels to clarify what should be the current practice.
- As mentioned earlier, a key question is how the bilateral dimension should be promoted under the new mechanism. We would recommend that this question be further explored, including the option mentioned earlier (ch. 6.3.3) with certain positions in the line units committed to this dimension, and be followed up by a subsequent discussion in a FMC meeting i.a. to reach an expressed agreement on what is a realistic ambition in this regard.
- In view of its turbulent environment in terms of workload, external demands, political constraints etc, the FMO would be well advised to conduct risk analyses at regular intervals. This could serve to provide “early warnings” of risk factors which the FMO needs time to prepare for.

Annex 1

difi Project plan

Project no.	Ref.no.	Version	Date	Department	Responsible
107023		2	2 September	FOR	DSO

Review of options for organization of the Financial Mechanism Office 2009-2014

1 Background

Over the period 2004-2009 the EEA/Norway Grants have been made available to 15 beneficiary states in Central and Southern Europe. To facilitate implementation, the Financial Mechanism Office (FMO) was set up in Brussels and has been acting as a secretariat for the donor states (Iceland, Liechtenstein and Norway). When the commitment period expired on 30 April 2009, a total of around 1,200 projects had been approved. Disbursement of funds to complete ongoing projects will, however, continue until 31 October 2011.

A new scheme for EEA grants is now being negotiated and will soon be finalized. In this situation the FMO needs to assess and possibly adapt its organization to be prepared for future challenges, while at the same time taking into account the current Financial Mechanisms and experiences acquired so far.

Following the recommendations of the Mid-term Evaluation of the EEA Grants, the Financial Mechanism will change its focus from individual projects to more comprehensive programmes. The beneficiary states will be delegated responsibility for approving, monitoring and reporting on individual projects within the framework of programmes which have been negotiated with the donors. This is expected to have significant efficiency gains, and it will affect the FMO's need for skills and expertise. In order to deal with comprehensive sector programmes it is considered necessary to strengthen the FMO's sector-specific expertise, and adjust the structure and functioning of the organization. At the same time FMO will need adequate skills and capacity to deal with disbursement, reporting and monitoring of the current financial mechanisms.

2 Project objectives and scope of work

The main objective of the project is to provide the Norwegian Ministry of Foreign Affairs (NMFA) with independent advice on organizational models for FMO for the period 2009-14, including its reporting relations to the donors. Given the time frame available this is not an in-depth study, but an overall assessment to advise on possible measures to ensure a well-functioning FMO.

A tentative list of issues to be studied:

- the interaction between new and current financial mechanisms
- the interaction between sector-specific and country-specific expertise
- the organization and management of the FMO including
 - lines of responsibility and accountability
 - coordination and decision-making processes
 - degree of delegation

- use of project/team organization
- contact between the donors and the FMO (communication lines, control, delegated authority, reporting etc).

The review will be carried out through study and assessment of available documentation as well as through interviews with relevant personnel in NMFA, FMO and FMC (Financial Mechanism Committee). FMO employees will also have the opportunity to give input in writing.

The main documents to be studied are:

- the Mid-term Evaluation of the EEA Grants (Norad 2008)
- EØS-midlere – årsrapport (NMFA Annual Report 2009)
- The website www.eeagrants.org
- Assignment letter from NMFA to FMO
- Proposition no. 1 (2008-09) to the Storting (NMFA budget)

Relevant internal documents will also be made available to Difi.

3 Project organization, roles and responsibilities

Difi has been commissioned by NMFA to carry out this review.

The project team will consist of senior advisers Dag Solumsmoen (project manager) and Eivor Nebben. Deputy director general Vivi Lassen will be responsible for the project.

NMFA will contact the EEA partners to inform about the project.

The FMO is expected to make necessary arrangements for internal interviews, and information to its employees. Contact person in the FMO is Stine Lundin Andresen.

4 Resources

Difi plans to spend 6 person weeks on this project. These labour costs will be covered by Difi.

Running costs (primarily 1-2 trips to Brussels for Difi's project team) will be covered by NMFA.

5 Implementation and time schedule

No	Activities/milestones	Date/week	Report date	Comment/status
	Start			
1.	Project plan and Terms of Reference	Week 36		NMFA resp. for the ToR
2.	Interview guide	week 37		
3.	Collecting data			
a.	- interviews with NMFA	Week 37		
b.	- interviews in Brussels with FMO and FMC	Week 38		
c.	- brief questionnaire to FMO staff	Week 39		
d.	- additional interviews FMO (by telephone) and NMFA	Week 39-40		
4.	Draft report		20.10.09	
5.	Finalized report		31.10.09	

Annex 2

List of interviewees in the FMO

Stine Lundin Andresen, Director

Kurt Haugen, Head of Finance and Controlling

Kristin Sverdrup, Head of Reporting and Evaluation

Group interview with

Sigve Bjørstad, Head of Information

Laura Harjapaa, Head of Administration

Group interview with:

Stine Lundin Andresen, Director

Pawel Krzeczunowicz, Head of Country team

Hjörtur B Sverrison, Head of Legal Affairs

Kristin Sverdrup, Head of Reporting and Evaluation

Group interview with officers of the Country Team:

Jon Gunnar Aasen,

Matus Minarik

Marie Osnes

Agusta Yr Thorbergdottir

Group interview with officers of the Sector Team:

Rune Vistad

Emily Harwit

Karen Turner

Patrizia Brandellero

Group interview with the FMC members:

Bjarni Vestmann, Iceland

Thomas Bischof, Liechtenstein

Interviewees in the NMFA:

Anders Erdal, Deputy director general and the FMC Chair

Steinar Hagen, Deputy director general

Vibeke Rysst-Jensen, Assistant director general

Ingrid Schulerud, Senior adviser

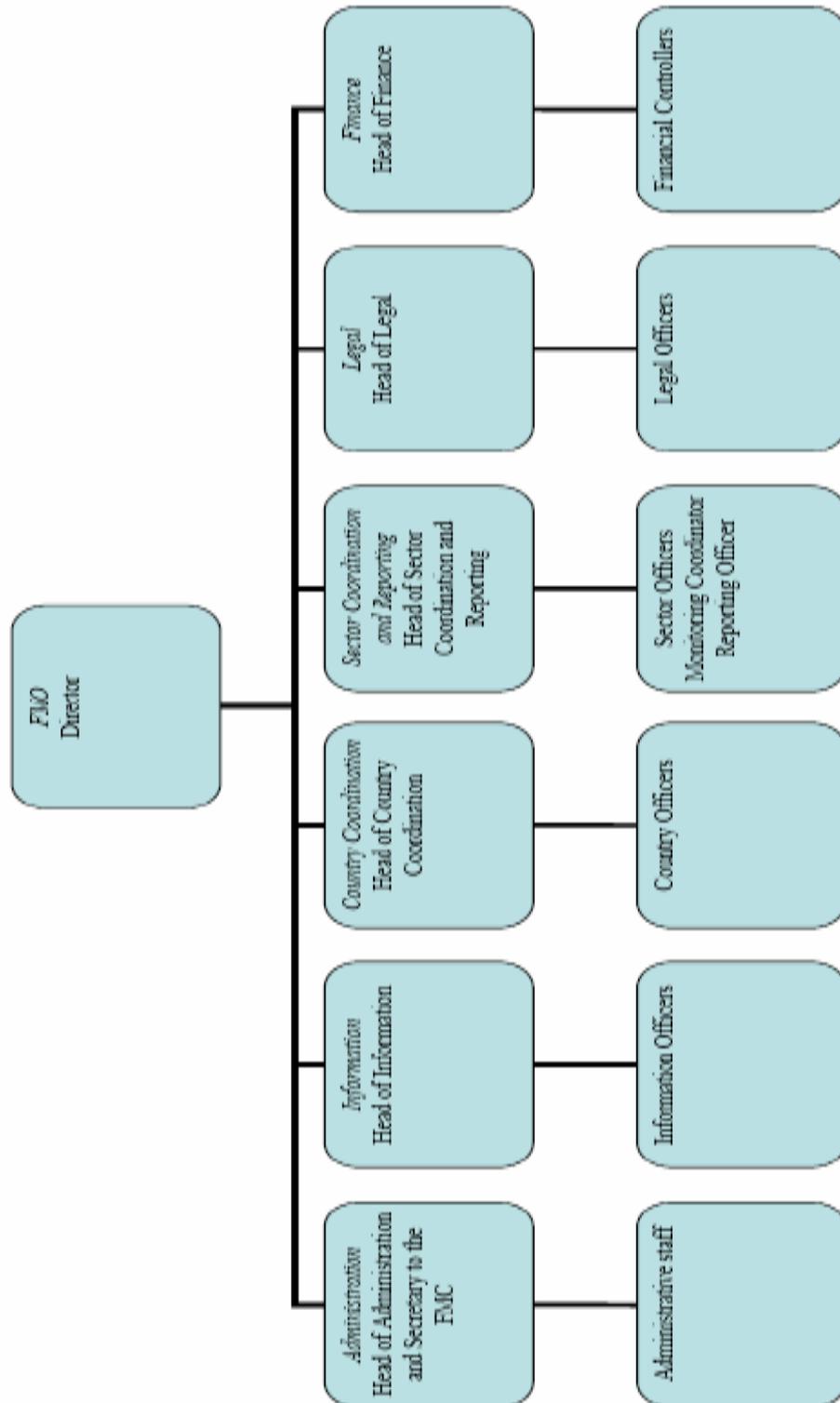
Anne Mette Strand, Senior adviser

Interview with

Jan Edøy, seconded national expert to DG REGIO, EU Commission

Annex 3

Current organization chart of the FMO



References for Difi

Title of report:	Organizing the FMO. A review of options
Report number:	Difi report 2009:10
Authors:	Dag Solumsmoen and Eivor Nebben
External partners:	
Project number:	107023
Project manager:	Dag Solumsmoen
Responsible department:	Department of Public Administration and Organization
Commissioned by:	Norwegian Ministry of Foreign Affairs
Resume:	<p>Faced with a new financial mechanism, the Financial Mechanism Office (FMO) needs to assess and adapt its organization. At the same time the FMO must take into account the needs of the current financial mechanism which will still require considerable capacity until mid-2011. On this background, the report provides a review of organizational options for the FMO. The recommended option provides i.a. a consolidation of the management structure, a more flexible use of resources, and a clarification of line vs. staff functions. A number of supplementary recommendations are also provided.</p>
Key words:	EEA grants, Financial mechanism, organizational option, bilateral partnership, accountability, manageability, line and staff functions
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