

# Monitoring Guide - Definitions and Tools

EEA and Norwegian Financial Mechanisms 2009-2014

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### 1. Preface

Monitoring is defined in the regulations of the EEA Grants and of the Norway Grants as “*the observation of project and programme implementation in order to ensure that agreed procedures are followed, to verify progress and to identify potential problems in a timely manner so as to allow for corrective action.*”<sup>1</sup>

In this *guide* we present Results Based Monitoring and how it differs from traditional forms of monitoring. The purpose of this document is also to place monitoring in the context of the various phases of project cycle management while differentiating between planning, monitoring, audits and evaluation.

The main target group for this *guide* is the Programme Operator, but it may also prove to be useful for the National Focal Points (NFPs), the National Monitoring Committees (NMCs) and the Project Promoters.

On a pragmatic level, this *guide* can be used for preparation of a monitoring plan: both for the Programme Proposal (see Programme Operator’s Manual, section 7.3) and as part of the annual plans that are required as part of the Strategic Report according to article 2.2 of the Regulations. This document also provides guidance for risk management – from defining risks, to risk assessment and the use of project monitoring as a risk management tool.

Section 2 of this document aims to clarify how monitoring fits within the results based management system. Section 3 differentiates the roles and responsibilities between stakeholders in the programming. Section 4 discusses risk management and the role of project monitoring as a risk management tool. In the final section, we provide suggestions for methods of monitoring of grant funding, with samples of simple tools that we believe can be used in the day-to-day monitoring activities at various levels of implementation, as well as instruments for developing the Programme Operator’s Monitoring Plans.

This *guide* is intended to provide support in the implementation of the EEA Grants and the Norway Grants. It does not, however, form part of the legal framework of the Grants, set out in Article 1.4 of the *Regulations*.

If the Programme Operator or other stakeholders have questions on any of the information in this *Guide*, we urge you to contact the FMO at: [monitoring@efta.int](mailto:monitoring@efta.int)

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<sup>1</sup> Regulation on the implementation of the European Economic Area (EEA) Financial Mechanism 2009-2014 and Regulation on the implementation of the Norwegian Financial Mechanism 2009-2014, Article 1.5.1(i).

## 2. Definitions of planning, monitoring, audits and evaluation and their inter-relation

This section aims to clarify how elements of the project or programme cycle are characterized and related to one another and how monitoring fits within the results based management system.

**2.1 Planning** can be defined as the process of setting outputs for the achievement of certain tangible results, developing strategies to reach those outputs, outlining the implementation arrangements and allocating resources to achieve those results. In the planning phase of Results Based Programming, it is important to establish realistic targets of what can be achieved during a specific timeline, toward project or programme outputs and higher level outcomes.

### 2.2 Defining Monitoring: The difference between Implementation and Results Based Monitoring

FMO has developed the following definition for the mechanisms<sup>2</sup>:

#### Box 1. Definition and Reasons for results based monitoring

Monitoring consists of those processes performed to observe project implementation and collect data on specified indicators toward planned results, such that potential problems can be identified in a timely manner and corrective action can be taken, where necessary, to control the execution of the project. The key benefit in monitoring is that project performance is observed and measured regularly to identify deviations from - or barriers to - achieving the project or programme objective(s). Following monitoring activities, risks to non-achievement of outcomes can be addressed and corrective action taken.

The FMO emphasizes that we should not only be concerned with asking “*Are we taking the actions we said we would take?*” but also “*Are we making progress on achieving the results that we said we wanted to achieve?*”. In practice, this means that Beneficiary States, Programme Operators, and Monitoring Committees may wish to employ both traditional forms of **Implementation Monitoring** and **Results Based Monitoring** interventions in monitoring activities in countries receiving Donor funding.

**Implementation Monitoring** is a traditional monitoring intervention and can be described as being both implementation and finance-based. This type of monitoring tracks the use of allocated funds to ensure that financial resources are in line with activities which were planned to achieve certain results. This approach answers the question “*Did they do it? Did they mobilize the needed inputs? Did they carry out the agreed activities? Did they deliver the intended outputs?*”. It is important to establish a monitoring or control system to check whether money designated for planned actions is indeed being used for those activities for which it was agreed and planned in the programme agreements. This approach does not, however, provide policymakers, managers and other stakeholders with an understanding of the success or failure of that particular project or programme.

**Results Based Monitoring** is designed to answer the question “*So what?*” and takes Implementation Monitoring a step further, in that the outputs of the projects and programmes have equal importance as financial monitoring. With this type of monitoring one can answer such questions as: “*What is important about the fact that outputs have been generated? Have the objectives of the organisation and relevant stakeholders been achieved via the outcomes? What is the perception of change among stakeholders? How has the partnership strategy been successful (or not) in achieving the desired outcomes?*”. This type of monitoring provides project managers and the other main stakeholders information not only related to use of funds related to the project or programme, but also important feedback related to the extent of progress as well as the intended results toward larger goals and objectives. The type of external

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<sup>2</sup> Elements from “Ten Steps to a Results-Based Monitoring and Evaluation System”; the World Bank, 2004; OECD 2002 and the definition of monitoring used for the implementation of the EEA Grants and Norway Grants 2004-2009.

monitoring carried out by the FMO during FM04-09 already had a strong tendency toward Results Based Monitoring, so this will not be a new concept for the Beneficiary States in the FM09-14 funding.

The difference between these two approaches is important. In the more limited approach, monitoring will focus mainly on tracking outputs and the use of the Donor's resources. In the broader approach, monitoring in addition involves tracking strategies and actions being taken by partners and other stakeholders, and figuring out what new strategies and actions need to be taken to manage risk and ensure progress towards the most important outcomes.<sup>3</sup>

The monitoring interventions employed for Results Based Monitoring should include project partners and focus not only on quantifiable outputs, but also on perceptions of change among the project stakeholders. The monitoring intervention captures both qualitative and quantitative information on progress toward outcomes.

If monitoring interventions reveal that a project is not on track with implementation progress or financing as planned, discussions surrounding project difficulties should be held with partners and stakeholders and recommendations should be made during the monitoring exercise to rectify the problem. As a follow-up to a monitoring intervention where a difficulty in implementation or progress toward results has been indicated, actions must be taken to modify the project plans as necessary, within the scope of the Rules and Regulations, in order to get the project back on track toward a successful outcome.

**2.3 An Audit** is defined as an official inspection of an organisation's accounts and/or systems, typically by an independent body which has nothing to do with the day-to-day implementation, oversight or administration of the project or programme which is inspected.<sup>4</sup> When we are speaking about audits of programmes or projects related to the EEA & Norwegian Financial Mechanisms, we consider both independent financial and system audits to be important control measures to ensure:

- a) the accuracy and truthfulness in financial reporting;
- b) that a particular organisation has established management and control systems according to the requirements set forth in the Regulations as regards both compliance and proportionality;
- c) that the organisation administers activities following national guidelines; and
- d) that the systems are indeed being used during the implementation of the grant programme(s).

**2.4 Evaluation** is a rigorous and independent assessment of either completed or ongoing activities to determine the extent to which they are achieving stated objectives and contributing to decision making. Evaluations, like monitoring, can apply to many things. The key distinction between evaluation and monitoring is that evaluations are done independently. They are also more rigorous in their procedures, design and methodology, and generally involve more extensive analysis. However, the aims of both results-based monitoring and evaluation are very similar: to provide information that can help inform decisions of key stakeholders, improve performance and achieve planned results.

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<sup>3</sup> Ibid. Excerpts related to Implementation Monitoring and Results Based Monitoring are taken from "Ten Steps to a Results-Based Monitoring and Evaluation System"; Kusek and Risk; The World Bank; 2004.

<sup>4</sup> Oxford dictionary: [www.oxforddictionary.com](http://www.oxforddictionary.com)

**Figure 1. How do Monitoring and Evaluation compare? <sup>5</sup>:**

<b>Monitoring</b>	<b>Evaluation</b>
<b>Continuous</b>	<b>Periodic: at important milestones such as the mid-term of programme implementation; at the end or a substantial period after programme conclusion</b>
<b>Keeps track; oversight; analyses and documents progress</b>	<b>In-depth analysis; Compares planned with actual achievements</b>
<b>Focuses on inputs, activities, outputs, implementation processes, continued relevance, likely results</b>	<b>Focuses on outputs in relation to inputs; results in relation to cost; processes used to achieve results; overall relevance; impact; and sustainability</b>
<b>Answers questions related to what activities were implemented and which results were achieved</b>	<b>Answers questions related to why and how results were achieved. Contributes to building theories and models for change</b>
<b>Alerts managers to problems and provides options for corrective actions (risk management)</b>	<b>Provides managers with strategy and policy options</b>
<b>Normally a self-assessment by programme managers, public agencies, community stakeholders, and donors. External consultants may be engaged to carrying out monitoring activities as well.</b>	<b>Internal and/or external analysis by programme managers, supervisors, community stakeholders, donors, and/or external evaluators.</b>

In most cases information from monitoring and evaluations flows vertically, from the lowest level up to the most senior level of management or of government. It is important, however, in results based monitoring, that information flows horizontally as well. This means that project managers should share results and lessons learned amongst their peers who manage projects, Programme Operators should share information on results across programmes in the various target sectors; government agencies should share information across government offices and, to the extent it is relevant; governments can share monitoring and evaluation results across borders and with partners from Donor countries. Horizontal sharing of information is important so that results are disseminated widely and so that lessons learned are shared across multiple organisations, to enhance programme funding results in the future.

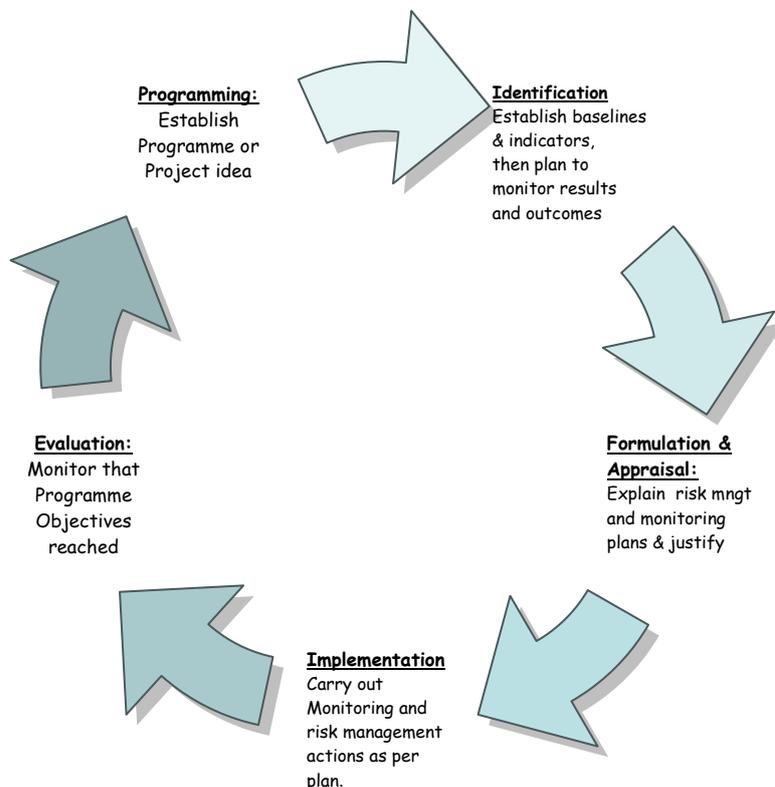
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<sup>5</sup> Sources: UNICEF and WFP.

## 2.5 The Project Cycle and fitting the pieces together.

Monitoring is an important part of the project life cycle and one can identify important elements of monitoring within the various stages of the project or programme life cycle<sup>6</sup>, as depicted in Figure 2 below.

Figure 2: The Project / Programme life cycle and results-based monitoring



## 3. Monitoring Roles and Responsibilities

As set forth in the Regulations, monitoring of projects and programmes will occur at various levels, from those closest to project implementation, at project level, to a broader level with Programme Operators and then to a national level in the country where the grant funds are implemented. At each level of monitoring and evaluation, the responsibilities of each stakeholder, the frequency of monitoring and the methodology used should be clear. This section focuses on the role of the Programme Operator while placing the Programme Operator monitoring role in the context of other stakeholders.

### 3.1. The Programme Operators

The Programme Operators have the responsibility for monitoring projects within their programmes on day-to-day basis. The Programme Operator is required to have a monitoring plan and will report in the annual report on monitoring related to the plan for the current reporting period, describing the monitoring activities that have been carried out and give a summary of the findings.

The *Programme Operators' Manual* (section 7.1) states that “*The Programme Operator should plan and budget for project site visits. On-site monitoring visits are an important monitoring tool. They may be pre-determined or randomly selected depending on the requirements of and outcomes expected from the*

<sup>6</sup> Project cycle diagram from European Commission, EuropAid Cooperation office

*monitoring. The selection of projects to be visited on-site can be determined by the level of complexity, risk or political significance of the projects. Project site visits can be performed by internal or external representatives.”*

The Regulations (Article 4.7.1) go on to state that the “*Programme Operator shall be responsible for preparing and implementing the programme in accordance with the principles of economy, efficiency and effectiveness.*” A detailed list of areas to cover is mentioned in the regulations and we suggest that Programme Operators refer to these when planning their work.

We recommend that the Programme Operators require that projects develop a risk mitigation plan as part of the application process. In this way, Project Promoters demonstrate good risk management through monitoring systems established according to activities the Promoters intend to implement with programme funds. When Programme Operators are able to ascertain that adequate monitoring measures have been put in place at the outset at the project level, the Programme Operator is one step closer to ensuring that the programme will be implemented well.

### **3.2 Monitoring actions of other Stakeholders:**

Articles 4.3, 4.4 and 10.1 of the Regulations provide details of the role of additional stakeholders involved in Results-Based Monitoring: the NFP, the NMC established in each of the beneficiary states, and the Donor States.

The NFP has the overall responsibility for reaching the objectives of the mechanisms. The Monitoring Committee shall include representatives from relevant ministries local and regional authorities, civil society, the social partners and, where relevant, the private sector.

For regular oversight and control in programme monitoring, the Certifying Authority certifies payment claims submitted by the Programme Operators, and the FMO reviews payment claims to ensure that funds are used according to implementation plans. In addition, FMO staff review the annual reports sent from the Beneficiary States regarding the progress of programmes overall in that particular country. These will be discussed with the Donors and reviewed with the Focal Points as necessary. The Donor States may select programmes for external monitoring.

**The NFP shall carry out regular monitoring of the programmes, however the intention is that the NFP leaves the monitoring of the projects to the Programme Operators, since the operators have the responsibility for the day-to-day project oversight.**

In sum, while it is important to remember that monitoring is a good risk management tool and essential for sound programme and project management, it is also essential to allow each stakeholder to carry out its responsibilities as agreed. If it is determined that the results based monitoring system is not working as planned, then all stakeholders involved (Programme Operators, the NFP, the Monitoring Committee, Donors and any other relevant stakeholders) should meet and discuss any short-comings with the monitoring system(s) in place. The stakeholders may, as a result of such a meeting, then decide to re-assign responsibilities on a temporary basis, until such time as monitoring systems are improved and working according to the Regulations and previously established Programme’s monitoring plans.

#### 4. Risk management

This section defines risk management, and provides risk assessment and management tools: from how risks are categorized, to estimating the impact of a risk occurrence on overall project implementation, and suggesting ways to flag risks for follow-up via monitoring site visits and risk mitigation measures.

**Risk management** is defined as the act or practice of controlling risk. This process includes identifying and tracking risk areas, developing risk mitigation plans as part of risk handling, monitoring risks and performing risk assessments to determine how risks have changed. Risk assessment exercises should always be carried out when new information is obtained about the project or programme through a report, a modification request, a monitoring site visit or via information from individuals involved with project implementation.

**Risk has two components:** the probability or likelihood that an event occurs, and the impact or consequences if the event occurs. It is important to differentiate between a risk ('something may go wrong') and an issue ('something went wrong'). Risk assessment is the determination of the quantitative or qualitative value of risk related to a concrete situation and a recognised threat. In the context of the Financial Mechanisms, a risk exists that the project or programme fails to achieve its objectives (expressed as outputs and outcomes) and that Donors' funds are misused, thus not contributing to the reduction of economic and social disparities in the European Economic Area.

**4.1 Risk categories.** Risks are be divided and assessed according to categories for each project, based on whether the risks are of a technical, financial, legal, organisational / managerial or external nature. Risk categories are listed below, together with some questions to be answered when assessing risks specific to a project. Depending on the importance of the particular project(s) to the Programme, the following risk categories may have a significant effect on the Programme.

##### Technical

- Does technology play a large role in the success of the project as a whole?
- How commonplace is any technology required for the projects within the programme?
- What degree of technical complexity is related to the implementation of the activities?
- Does the project management team have the necessary capacity to implement the technical elements of the project, or is external assistance required?

##### Financial

- Does the project management team have sufficient internal and/or external financial resources to achieve the outputs and outcomes within the budget and schedule?
- Is the financial plan being followed during implementation or are there significant deviations?
- Are deviations from the financial plan explained or do they remain unjustified?

##### Legal

- Are there signs of not being able to fulfil any of the conditions in the grant agreement?
- Does the project involve public procurement which constitutes a substantial part of the budget and which may also affect the timeline of the project?
- Are there other legal issues (such as obtaining permits) which can put progress at risk?

##### Organisational / managerial

- Is there a clear management plan and timeline, with a team in place to implement?
- In case of deviations from plan is the Project Promoter capable to take corrective actions?
- Have management changes occurred which could have a negative effect on implementation?
- How could the partners affect the success of the project or the Programme overall?

##### External

- How does success depend on factors or third parties outside the control of the project team?
- How sensitive is the project to changes in the regulatory environment?
- How susceptible is the project to changes in the macroeconomic environment (inflation, currency exchange risks, supply of labour)?

- How sensitive is the implementation to weather conditions?
- Are there any political risks which may have an effect on the implementation?

**4.2 Risk Assessments during the Project and Programme Life Cycle.** In the Mechanisms, Programmes are made up of individual projects and each project within the programme will carry a certain amount of risk. Projects within programmes will have varying degrees of importance with regard to the successful completion of the programme, in accordance with size, project scope and coverage within the country. The overall programme risk is therefore based on the average risk perceived for the sum of all projects. The FMO recommends performing a risk assessment (using categories and methods suggested in Sections 4.2 and 4.3 below) of projects that have been awarded funding at various stages of the project life cycle. Once project risks are assessed, one can determine the overall risk of the programme:

- At the application stage: in the application form, Programme Operators are requested to recognise risks and plan how to manage risk factors. This consists of identifying risk factors, considering the likelihood and impact of each risk factor, and presenting a risk mitigation plan.
- Risk Management tools, such as programme monitoring planning, must be described in the application form.
- During the assessment or appraisal of the application: various stakeholders carefully look into the risks identified by the applicant, which in consequence can be amended, or other relevant risk factors can be proposed. This is recorded in the appraisal report.
- Before approval of the application and as part of the application recommendation, it is important to comment on project **and** programme risks highlighting any potential strengths and/or weaknesses in this area.
- During implementation, and via the progress reports, the Programme Operator or Project Promoter is reporting on progress both in physical and financial terms. As part of reporting, remarks on pre-existing risks and risk control must be provided. Any new risks which threaten implementation must be explained, as well as risk the mitigation strategies.
- If there are high risks related to implementation, a monitoring site visit should be organised in order to review risks on location, meet with relevant Stakeholders and discuss risk mitigation methods.
- When any major changes are required in order to mitigate risks, such changes must be communicated through a modification request approved by the relevant Authority. New risks may become apparent here.
- Follow-up site visits or other monitoring actions during implementation should be made for projects considered to be at high risk, or where modifications have taken place allowing for the identification of any new risks, mitigation measures, and management of earlier identified issues.

### 4.3. Risk Assessments and risk mitigation plans.

In order to quantify the importance of risk factors in the categories defined above, the impact against three axes (budget, timescale and project scope) can be assessed in a risk matrix. The figure below shows how:

**Figure 3 a. Sample Risk Matrix (impact)**

	Very low impact	Low impact	Moderate impact	High impact	Very high impact
Budget / Cost	Insignificant cost increase	<15% cost increase	15-30% cost increase	30-50% cost increase	>50% cost increase
Timescale	Insignificant delay	<20% delay	20-40% delay	40-80% delay	>80% delay
Project Scope	Change to project results is insignificant, and no change to the objective	Minor change to results, with no impact on objective	Causes moderate changes to the results and minor change to the objective	Major change to results and significant changes to the objectives	Unacceptable changes are made regarding results and objectives

Related to risk assessments, the above matrix should be used with the scale shown below -of likelihood of the risk occurring - to evaluate the importance of the risk and whether it should be flagged for on-site monitoring or other actions :

**Figure 3.b. Sample Risk Matrix (probability)**

Low probability	Medium probability	High probability
The risk event(s) are unlikely to occur	The risk event(s) can be reasonably expected to occur	The risk event(s) are very likely to occur

### 4.4 Setting “flags” to track risk.

The risk assessment is the first step to flagging or marking a project so that it can be monitored as being at risk. If a stakeholder carries out a risk assessment according to the above criteria and finds that certain risks have a medium to high probability of occurrence, and a moderate to very high impact, the person should consider setting a “flag”. At the FMO, a “red flag” system was developed as part of the financial mechanisms database to track or monitor projects and funds which were deemed to be at risk, by “marking” them with a red flag and then tracking the “red flags” via various monitoring methods.

We recommend the following combinations of probability and impact present the need for a red flag:

-  Medium probability, moderate impact
-  Medium probability, high impact
-  Medium probability, very high impact
-  High probability, moderate impact
-  High probability, high impact
-  High probability, very high impact

Coordination is needed in order to avoid the overuse of red flags. Consistency must be ensured in the setting of red flags or risk assessments, by the involvement of some type of monitoring or oversight committee. We further recommend scheduling a site visit for monitoring those projects or programmes which are flagged to be at risk, in order that implementation risks can be discussed face-to-face with all relevant project or programme stakeholders. During such site visits, follow-up risk mitigation actions can

be recommended and discussed. Once risk mitigation measures have been agreed, action can be taken, if deemed necessary and approved by the relevant authorities relevant to implementation.

The matrix below could be used to summarize the risks in a Risk Mitigation Plan.

**Figure 3 c. Risk mapping plan (sample Programme Area 21 – Green Industry Innovation)**

Types	Description	Impact (threats)	Probability of occurrence	Risk rating - on Impact	Risk treatment	Follow up
<b>Technical</b>	Speed of technological development means technology applied may already be outdated	Technology outdated by time of purchase, Impact to scope, timescale	Medium	High	Expert assessment of technological solutions	Review prior to procurement
<b>Financial</b>	Financial crisis	Bank loan necessary for co-financing unavailable. Impact to budget	Medium	High	Contacts with financial institutions	
<b>Legal</b>	State Aid legislation	Amount of grant assistance available	High	Medium	Opinion by legal experts	
<b>Organisational/ managerial</b>	Management of projects could change over time	If managers change, some low risk to implementation. Impact to timeline, maybe budget.	Medium	Low to medium	Regular project monitoring as per plan	If mngt changes, possible amendment
<b>External</b>	Weather events cause significant delays. Political risks related to interest, promotion and support of green industry, can have an effect on the project/ programme success	Delay to implementation. Impact to timeline, budget, and scope.	Low to Medium	Medium	Project plan has flexibility to adjust to delays. Political risks shall be discussed with NFP and NMC.	Monitor project with relation to external risks on a frequent basis

## 5. Monitoring Planning, Tools and Guidance (See Annex for correspondent examples)

Several standard tools should be used by Programme Operators and the responsible national monitoring authorities for carrying out monitoring activities. It is important to remember that in the use of Results-Based Monitoring tools, follow up actions must be taken as soon as possible by those individuals involved in the monitoring, when projects or programmes deviate from plans and timelines. Making use of the tools is important, but expediting the follow-up actions by concerned Stakeholders is equally important to ensure that the projects and programmes are successful in achieving the desired results.

**Annual Plans.** As noted in the the *Regulations* in Article 2.2.2(e), a **Monitoring Plan** is required in the Programme Proposal and as an Annex to the Annual Programme Plan. Monitoring and risk mitigation tools which are used to plan for results based monitoring are recommended here and are described in some detail below.

A sample template Annual Monitoring Planning sheet is provided in the annex at the end of this *Guide*.

### 5.1 Payment Claim reviews (mainly via Interim Financial Reports)

Payments to programmes shall take the form of advance payments, interim payments and payments of the final balance.

When reviewing the payment claims for projects, and as part of Results Based Monitoring, Programme Operators should review the stated progress of the project and check whether progress is going according to the implementation plan established at the outset. Similarly, the National Focal Point should review the

interim payment claims and annual reports of the Programme Operators to ensure that programmes are being implemented in accordance with the plans developed at the outset. If substantial deviations occur, the Programme Operator should discuss the deviations with the relevant implementing organisation and encourage the project manager to implement corrective measures accordingly and as soon as possible.

The financial reporting should be used as an Implementation Monitoring tool for control and financial risk assessment on a frequent basis. Frequent financial reporting and review of the reports will allow Stakeholders to identify and address imminent financial risks or risks of financial mismanagement or fraud. If financial mismanagement is suspected, the Programme Operator or NFP must take the relevant control measures in respect of the project / programme in question.

### **5.2 Review of Annual or other periodic Reports**

Similarly, at the Focal Point and Monitoring Committee levels, a review of Annual reports is an important monitoring tool. One must remember that an annual review is not as timely as other forms of monitoring, and cannot be considered an efficient risk management tool, since the reports are only prepared on an annual – or infrequent - basis.

Nonetheless, annual reports provide an overall picture of how the projects and programmes are implemented and should indicate significant progress toward the planned results. If the management or implementation is not advancing as planned, it will be imperative to discuss and implement ways to solve problems so that the project or programme can get back on track. During the review of annual reports, it might also be necessary to amend or adjust plans, such that results can be attained in line with the larger objectives. Annual reports can also be used as tools to reflect on projects that have been amended (if relevant) and how the changes have improved implementation in comparison with previous status reports.

Therefore, comparisons over time are critical, whether reports are assessed on a monthly, quarterly or annual basis and relevant stakeholders must be engaged toward attaining the overall goals and objectives of the projects and programme.

### **5.3 On-site monitoring visits & simple record keeping of such visits**

On site monitoring visits are important monitoring tools, particularly since the monitoring takes place in real time. Progress to date can be established and compared to what was planned. A site visit is important particularly when projects are perceived to be at risk, as noted in Section 4.4, however, site visits are also good opportunities for frank discussions among stakeholders regarding progress and planning.

The aim of the monitoring visit is to:

- a) gather relevant stakeholders in order to discuss project results based on the initial plans;
- b) discuss other issues of project implementation and risks to successful completion;
- c) consider risk mitigation measures;
- d) ensure that methods to assist stakeholders are available where necessary and that adjustment to the projects or programme are reviewed, such that results can be attained as planned.

Stakeholders in a project or programme may be local community members, NGOs, professional colleagues who may benefit from the results, public sector local or regional partners or others who may be best suited to help achieve, benefit from or enhance results. After the site visit is carried out, the monitoring person involved should record the meeting with a short report to record what areas of the project or programme have been checked and to list any areas for improvements or modifications. A monitoring site visit reporting template is attached to this manual in **Annex 1** which may serve as a guide for an on-site list of things to check and method for reporting.

**Criteria for Monitoring Planning related to Site Visits:** The FMO recommends the following criteria are used for quarterly or annual monitoring site visit planning:

**Box 2 Criteria for Monitoring Visits – Establishing Quarterly or Annual Site visit Plans:**

- 1) As noted in the risk management section, projects which are deemed to be at high risk for technical, managerial, financial, legal or external reasons should be scheduled for a site visit as soon as possible. Risk assessments should be updated on a quarterly basis and monitoring plans may be altered accordingly.
- 2) Projects exceeding a certain pre-established Euro value should be monitored at least once during the lifetime of the project implementation.
- 3) Projects which have a significant impact on the overall objective of the Programme should be monitored at least once during the life of the project implementation.
- 4) Similarly, projects or programmes which are considered of interest to multiple stakeholders should be monitored to learn more on-site regarding project results. Projects or programmes which are particularly innovative should be checked at least once during the implementation cycle.
- 5) For large programmes, such as NGO funds or those with 30 or more projects, a certain number of projects should be selected for monitoring via a site visit on a random basis. The FMO recommends that each year, a minimum percentage of projects within a programme is monitored on a random basis (such as 5-10%), to ensure the smooth running of the projects.

**NB.** An important criteria for planning is related to human and financial capacity for monitoring site visits. When establishing the site visit plans, and monitoring systems in general, the Project Promoter and Programme Operators must take into account limitations present due to budget constraints or limits in capacity and personnel to carry out monitoring activities.

#### **5.4 Telephone ‘meetings’ or project meetings at the Programme Operator’s offices**

Telephone or office meetings, which are less structured than on-site meetings are also important monitoring tools. Such meetings are less formal, but nonetheless provide valuable opportunities for learning of project or programme updates. Notes from such discussions should be kept on file with the project documents, and follow-up measures should be taken as necessary, depending on the conversation or meeting conclusions.

#### **5.5 Risk reviews and updating of risks through a central Programme Operator system**

Over the life of any project or programme, there will always be risks that may inhibit the project or programme attaining the desired results. As part of the application process, all applications will include a risk assessment of areas where projects or programmes can face difficulties. As noted in the risk management sections, the most common project risks are those that relate to: financial issues, technical, external, legal or managerial risks.

In section 4 of this guide, we suggest that Programme Operators establish a risk tracking system to keep track of projects over time. We recommend tracking risks on a quarterly basis at a minimum, and projects which are considered to be at risk should be flagged or recorded by a simple system established by the Programme Operators. For effective Results Based Monitoring, projects considered to be at risk must be followed, either through on-site monitoring activities; audits; amendments or other actions which will be necessary to mitigate or eliminate risk.

In section 3: figures 3.a, 3.b. and 3.c. show a risk rating and a simple risk mapping sheet which may be helpful to Programme Operators, or others in tracking, recording and acting when risk situations occur.

### **5.6 The Establishment of Systems & Templates for Monitoring**

The FMO suggests to Programme Operators, Project Promoters and the NFPs that in establishing systems for monitoring, it is important to develop templates and systems to be as simple as possible, so that the focus of programme implementation remains the successful completion of projects, rather than the elaboration of complex monitoring tools.

*If the monitoring system is to be a useful management tool, it needs to be manageable. Do not overload the system with too many indicators (or other monitoring elements). Otherwise, too much time will be spent managing the system that produces the data, and not enough time will be spent using the data to manage.<sup>7</sup>*

This is an important element to remember, since it is often the case that organisations or agencies lose time in developing complex systems instead of focusing on how to ensure successful completion of projects and attainment of results. The projects and programmes are of a relatively short duration (maximum of 3 years) and Programme Operators should have monitoring systems up-and-running prior to projects starting, so that time can be spent on keeping an eye on projects, rather than developing fancy templates.

At the end of this guide, we include the templates discussed above which may prove useful to Programme Operators and national authorities alike in monitoring of projects. They are provided as guidance. They could be adapted for use in monitoring programmes. There is no obligation to use these templates.

### **5.7. Establishing the first annual monitoring plan, as part of the Programme Proposal**

For preparation of the initial monitoring plan, the following elements are of importance and should be addressed:

- a) describing management: who is responsible for monitoring of the programme;
- b) explaining the monitoring tools to be used during implementation and how plans are established;
- c) defining criteria for on-site visits or other elements of programme monitoring. Please see sample criteria listed in Box 2 above; and
- d) explaining simple monitoring planning and risk tracking systems.

In the first annual monitoring plan, some predictions may be made for site visits planned at the end of the first year and in subsequent years.

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<sup>7</sup> Ibid, World Bank, "Ten Steps to a Results-Based Monitoring and Evaluation System", P.112

Annex 1 Example

## Monitoring Report Sample Template

### PART "A"

#### Signature

Name of the person carrying out the monitoring site visit	
(signature)	
Date	
Company – if external consultants used	

#### Identification data

Project registration number	
Title of the project	
Type of project assistance	
Project Promoter	
Name of contact person	
Name(s) of project partner(s)	
Total grant approved	
Date of grant approval	
Planned completion date	
Programme ID	
Previous monitoring reports	

#### Reason for monitoring (*size of project, project is at risk,, random selection, other specific reason*)

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#### Background if other specific reason was chosen:

--

#### Brief project description

--

## **Instructions for report submission**

A draft version of this report in word format must be sent to \_\_\_\_\_

For the purposes of the Detailed Monitoring Report, the person carrying out the monitoring site visit should submit the following:

(1) a written report which shall have the outline described in “Part B” (see instructions for filling out “Part B”), and

(2) the Monitoring Checklist attached here, “Part C”

This checklist summary “Part C” of this report, is divided into sections and subsections. Each subsection must be given a written response, even if the answer is “not applicable” or a statement such as “the project is going according to the planned criteria” in order that the reader is aware that this section of the monitoring report has been checked.

Each section contains an area for comments on implementation. These comments should be very brief and focusing only on particularly strong or weak elements of the project monitoring, or explaining how an issue will be solved.

The first (1) is essentially a summary of the second (2), the Monitoring Checklist. The Detailed Monitoring Report will be comprised of both of these documents and the cover page of this report, “Part A” provided to include in-house tracking information.

\* We ask you to sign and date the cover page. Please ensure that you enclose Parts “A”, “B” and “C” when you submit your report.

*Please keep the report short and to the point, including sufficient background and logic for the conclusions but avoiding repeating the application form text or other well known documents. Such documents need only be referred to in the report text.*

## PART "B" TEMPLATE

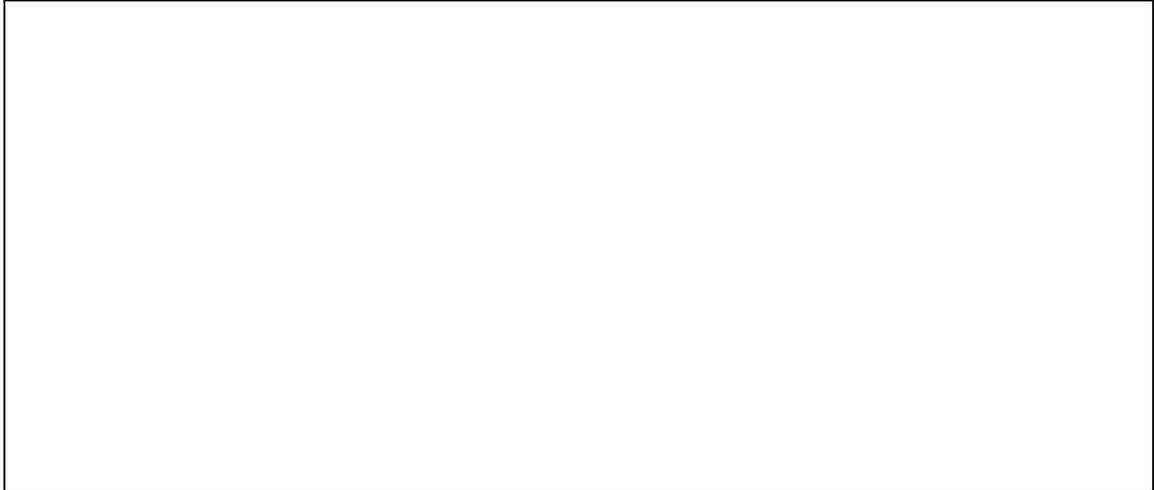
### I. Introduction.

***I.1. Description of the project and Key Questions and Issues relevant to this Monitoring.*** This section is for presenting the reasons given by the Programme Operator for project monitoring, including any *key questions and project issues* to be addressed during the monitoring and raised by relevant Stakeholders in advance of the monitoring site visit.

***I.2. Description of how the monitoring was conducted.*** This section refers to any special methods used (if relevant) for the monitoring. Please include a list of the contacts made, with the dates of meetings / monitoring visit, as well as any additional documents used for analysis or research, which can be helpful as reference materials.

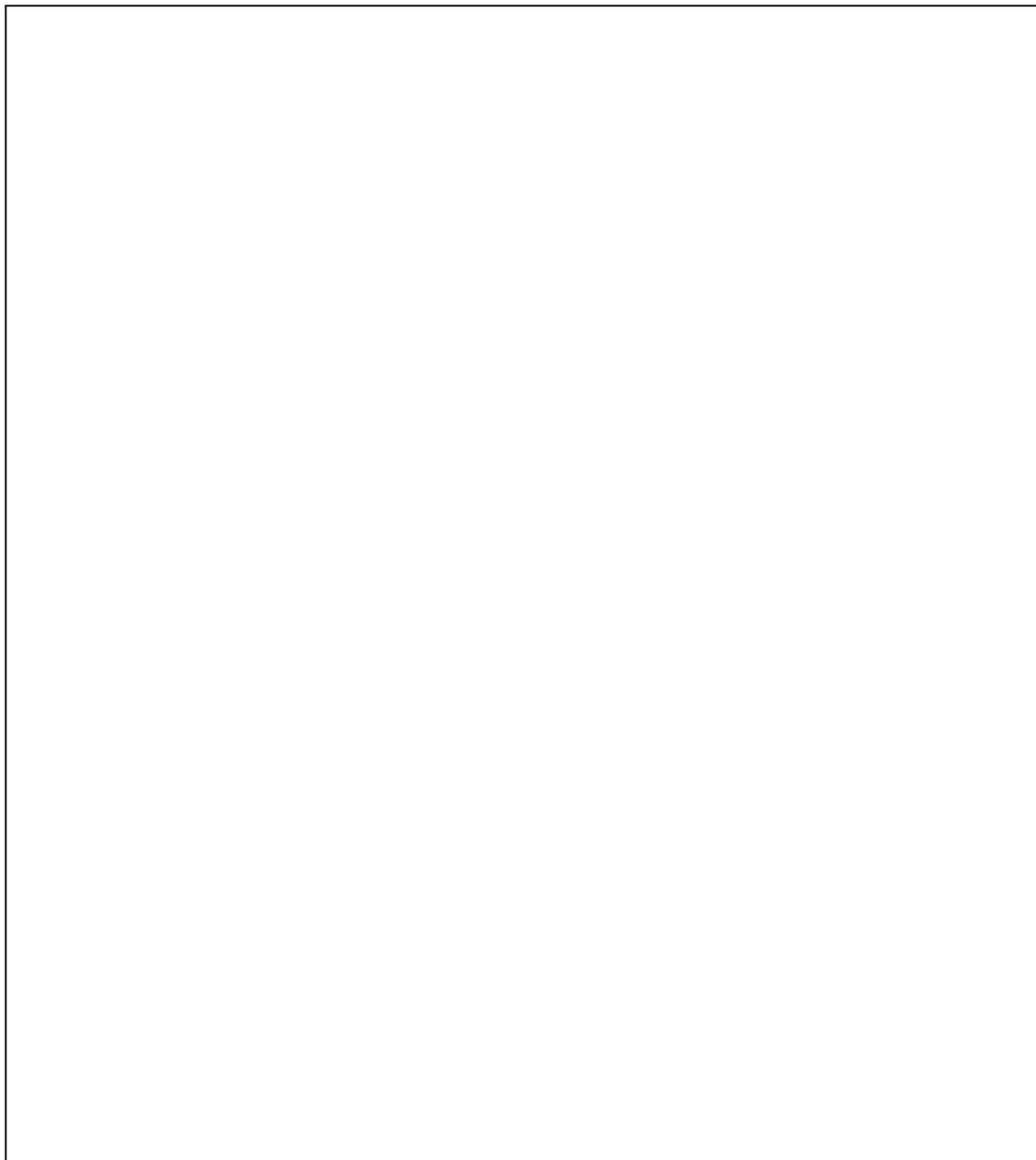
***I.3. Comments from the Project.*** Please provide here any comments on the EEA Grants and Norway Grants process and experiences in working with the grants program including with the representatives from the beneficiary state, and with representatives from the FMO. Comments are welcome from the application stage to project implementation. Both positive and negative comments are welcome on any issues which were discussed during the monitoring.

***1.4. Comments from the Programme Operator.*** Please provide here any comments by the Programme Operator during the on-site monitoring visit (or thereafter) related to the EEA Grants and Norway Grants process and working with the organisation which was monitored. The Operator may also wish to comment on their work with representatives from the FMO. Both positive and negative comments are welcome on any issues which were discussed during the monitoring.

A large, empty rectangular box with a thin black border, intended for the Programme Operator to provide comments during the monitoring process.

## **II. SUMMARY of FINDINGS**

*(Maximum 2 pages)* Using points 1-17 in the Monitoring Checklist, please summarize all aspects of the project which have shown particularly noteworthy outcomes. In this section, note any areas where the project or programme has exceeded expectations or where project problems are present. If this was mentioned in your notes in the checklist “Part C”, please refer to the checklist note here. Please note that this section should refer to any comments made in the following two parts of this report.



**III. CONCLUSIONS.**

*(Maximum 1 page) Using points 1-17 in the Monitoring Checklist and the previous section “Findings”, please summarize here your monitoring views. Please include here any points which were made by the for corrective actions, relevant to any shortcomings in project expectations or targets set forth in the grant agreement and discussed during the site visit.*

#### IV. MONITORING RECOMMENDATIONS

*(Maximum 2 pages)* This report section is meant for the person writing the monitoring report to provide his or her recommendations, and, if relevant, an opinion on whether remedial actions proposed will sufficiently solve any project shortcomings.

If you have alternative suggestions of action, please note these here, with a short explanation of how these suggestions can be implemented. You may wish to reference other projects where you have information that various courses of action have led to successful problem-solving and conclusions of projects. If there are no particular problems with this project, please note that here with any relevant comments and continue to the next section.

#### V. MONITORING final points, addressing here any comments received from the relevant stakeholders involved in the monitoring site visit

*(Maximum 2 pages)* This report section is meant for providing points related to any comments of the Project Promoter explaining how the comments were treated. *If the section is not required in the case of this specific monitoring, please write 'not applicable' in the table provided.*

Comments from the Project Promoter resulting from the Draft Monitoring report:	Comments from the person who has carried out the Monitoring Site Visit, related to the points mentioned on the left
(1)	
(2)	(1)
(3)	(2)
Etc.	(3)
	Etc.

## PART “C” Monitoring Checklist -Template

### 1 Objectives

The project’s overall objectives are given in the grant contract. Any deviation from these objectives after the signature of the grant agreement must be approved. It is also important to check that the objectives are still relevant.

Have any changes been made to the project or programme objectives?	
Have the changes been approved by the relevant authority?	
What are the implications for the project as a whole?	

### Status for each project activity, when relevant

#### 2 Progress

The project or programme progress is a **key subject** for the monitoring visit. This point is an overall assessment of whether or not the project or a specific activity within the project is following the agreed timeline.

Indicate any deviation from the agreed project timeline.	
If any significant deviation is determined, please respond to the following questions:	
Specific reasons for deviation?	
What are the implications for the project as a whole?	
What corrective actions will be taken or have been taken?	

#### 3 Achievement of Outputs (indicators) and quality of the Results

The achievements or the result/ output indicators in the implementation phase must be reported as part of the monitoring, since the achievement of results is an important part of Results Based Monitoring and in Results Based Management, the Stakeholders should work together to ensure that projects and programmes are on track for achieving results. It is important to confirm that the quality and the suitability of the implemented parts of the project are according to the requirements on which the Agreement is based. Please complete the table below *for each relevant indicator*. If there are several indicators, please insert a table like the one below for each indicator.

Indicator	
Planned achievement to date	
Actual achievement	
If any significant deviation is determined, please respond to the following questions:	
Specific reasons for deviation?	
What are the implications for the project as a whole?	
What actions will be taken?	

#### 4 Budget

The budget is given in the application and referred to in the Project contract. It is also important to check that the budget is still realistic.

Have any adjustments been made to the project budget?	
Are any modifications to budget larger than the limit for approval?	
Have such modifications been approved by the relevant authorities?	
Is the budget still realistic or have circumstances changed that?	
If any adjustments have been made or the budget is not realistic anymore, please respond to the following questions:	
Specific reasons?	
What are the implications for the project as a whole?	
What actions will be taken?	

#### 5 Costs

Project costs are also a key element of the monitoring check. The main purpose of the questions below is to relate the actual costs to the project plan.

Planned claimed costs to date	
Amount claimed to date	
If any significant deviation is determined, please respond to the following questions:	
Specific reasons for deviation?	
What are the implications for the project as a whole?	
What actions will be taken?	

#### 6 Co-financing and in-kind contributions

It is a requirement of the Grant Agreement that the co-financing is made available in proportion to the grant payment. It must be verified as part of the monitoring check that these funds have been made available for the project.

Planned co-financing to date, including in-kind contributions	
Amount co-financed to date including in-kind contribution.	
If any significant deviation is determined, please respond to the following questions:	
Specific reasons for deviation?	
What are the implications for the project as a whole?	
What actions will be taken?	

## **Other topics according to relevance**

### **7 Commitments for financing after implementation**

It is very important that the required finances and organisational preparations are in place after the project implementation period to ensure sustainability, as necessary. It may be that expected revenues are a significant part of the finances, but it may also be that government commitment or other funding commitments such as the polluter pays principles, form part of this financing. The reality of such required long term commitments must, as much as possible, be verified. Any required follow up of commitments made as part of the grant agreements must be confirmed.

Have required commitments been made for the post completion financing?	
Have reasonable organisational preparations been made for the operation and maintenance of the project after implementation?	
If any significant deviation is determined, please respond to the following questions:	
Specific reasons for deviation?	
What are the implications for the project as a whole?	
What actions will be taken?	

### **8 Project management systems**

The availability of project management resources necessary to execute the project in a professional manner, using principles of good governance (see the Programme Operator's Manual, section 2.7.1 for characteristics of Good Governance), and according to the project plan must be assessed. This includes, but is not limited to, any provisions made in order to monitor the compliance with the grant conditions internally.

Are required management & good governance systems in place?	
Are effective monitoring and controlling systems in place?	
If any significant deviation is determined, please respond to the following questions:	
Specific reasons for deviation?	
What are the implications for the project as a whole?	
What actions will be taken?	

### **9 Partnership and inclusion of all relevant stakeholders**

The role of each project partner and stakeholders must be assessed and compared with the information given in the application. Any changes in the actual roles of the partners or the partnership itself must be reported. If any kind of cooperation problems exist between the partners, they must be discussed among the partners or other stakeholders, such that a solution can be found. Working partnerships are essential to good implementation and achieving desired results.

What is the role each partner is playing in the project?	
Are there any problems in the partnerships?	
If any significant deviation from the grant agreement is determined, please respond to the following:	
Specific reasons for deviation?	
What are the implications for the project as a whole?	
What actions will be taken?	

## 10 Procurement

Both EU and national rules for public procurement must be followed. The monitoring should include a review of any procurement made and conclude whether the rules have been followed or not.

Have public procurement procedures been used where required?	
Give references and documentation if relevant.	
If any deviation from the public procurement rules is determined, please answer the following questions:	
Specific reasons for deviation?	
What are the implications for the project as a whole?	
What actions will be taken?	

## 11 Required permits obtained, or other legal issues

In case certain permits need to be obtained in relation to the project implementation, it is important to check the status of such actions and possible influence on the project. There may be other legal issues of relevance, e.g. related to EU law, that either has been known or has come up during implementation.

Are all required permits obtained?	
Are there any legal issues that may influence the implementation?	
If any issues are determined, please respond to the following questions:	
What are the reasons?	
What are the implications for the project as a whole?	
What actions will be taken?	

## 12 Compliance with publicity plan

A review of the publicity plan (as set out in section 4 of Annex 4 to the *Regulations*) and the compliance should be described here.

Is the project currently in compliance with the requirements for the publicity plan?	
If any significant deviation is determined, please respond to the following questions:	
Specific reasons for deviation?	
What actions will be taken?	

### 13 Risk

The risk situation regarding both previous incidents and risk management in accordance with the plans must be assessed. Any apparent changes in risk both regarding likelihood and potential impacts to the project must be determined.

Has the project experienced risk related incidents, and how have they been managed?	
Are there any changes to the risk situation on the project?	
If any significant change in the risk is determined, please respond to the following questions:	
Specific reasons for the change?	
What are the implications for the project as a whole?	
What actions will be taken?	

### 14 Sustainable development

Sustainable development is a cross-cutting target that must be considered for all projects. It is important that any issue that may reduce the project's contribution to sustainable development is assessed. Please refer to the Sustainable Development Policy and Guide as necessary.

Are the project activities in accordance with the principles of sustainable development?	
Has the sustainable development dimension of the project been implemented as planned?	
If any significant deviation is determined, please respond to the following questions:	
Specific reasons for deviation?	
What are the implications for the project as a whole?	
What actions will be taken?	

### 15 Gender equality

Gender equality is a cross-cutting target that must be considered for all projects. Any gender equality issue relevant to the project must be assessed and commented on as part of the monitoring. If gender equality is not particularly relevant to this project, please note this in the comments below.

Is the project contributing to gender equality as planned?	
If any significant deviation is determined, please respond to the following questions:	
Specific reasons for deviation?	
What are the implications for the project as a whole?	
What actions will be taken?	

## 16 Bilateral cooperation

Any bilateral cooperation issue relevant to the project must be described below, particularly as it relates to the Donor states of Norway, Iceland and Liechtenstein.

Is the project contributing to bilateral cooperation with donor states as planned?	
If any significant deviation is determined, please respond to the following questions:	
Specific reasons for deviation?	
What are the implications for the project as a whole?	
What actions will be taken?	

## 17 Any other findings of significance for monitoring

The above points are intended as a guide for the monitoring and as a minimum checklist. It is also a monitoring responsibility to cover any other topic relevant to compliance with the grant conditions and to the success of the project.

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EEA Financial mechanism 2009-2014  
Norwegian Financial Mechanism 2009-2014  
Monitoring Guide

Annex 2 Example of a Monitoring Plan

Monitoring plan for Healthcare programme in Country X - 2013

Project #	Name or Description	Monitoring action	Planned timing: Q1, Q2, Q3, Q4	Criteria for monitoring (especially for site visits)	Risk issue with the project (if applicable)	Comments	Contact details
0001	National – Disease prevention programme for communities at risk	Visit with Project Promoter in Capital City	Q2 – May	The project is vital to the success of the overall programme	The project is at financial risk	Mr. xxx should be contacted in April to arrange meeting	Mr. xxx lives in the Capital with phone: 58-62-00-00-00
0002	Eastern Region of X: upgrade of local clinics	Regular monitoring of payment claims	Throughout 2013	No site visit envisaged in 2013	There is a low financial risk of local towns' budgets	None	None
0003	National – school fitness programmes for teenagers	Random site visit to 2 schools participating in project	Q4	Since this is a large and important programme for X, a minimum of 2 schools should be checked	No risks identified as yet: random monitoring	During Q3, select schools for monitoring	Project Manager is based in Y City
0004							
0005							
0006							
0007							
0008							
0009							