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WHAT IS RISK MANAGEMENT?

Risks are inevitable and cannot be eliminated. The aim is to understand risks, manage them effectively and identify opportunities, thereby enhancing performance. A high level of risk may be accepted where the expected impact and benefits are higher than the consequences of the potential risk.

With the large number of programmes and institutions involved, the Grants structure is vulnerable to different types of risk. The programme approach introduced for the funding period 2009-2014 reinforces the focus on results and increases the responsibility of the National Focal Points for achieving and reporting on results.

Risk management is cascaded through the EEA and Norway Grants. Ownership of risk management is clearly established by level and area of responsibility set out in the risk management strategy. The strategy is led from the top and is embedded in organisational cultures, normal working routines and used to provide direction regarding performance and improvement.

- > Risk assessments focused on achieving the intended results of the EEA and Norway Grants are carried out regularly.
- > Risk mitigation measures have been put in place and systematically followed-up.
- > Complaint mechanisms have been strengthened.

Iceland, Liechtenstein and Norway practice a zero-tolerance policy with regard to the misuse of funds, and impose sanctions on all levels of fraudulent behaviour.¹

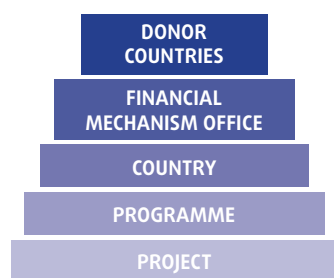
Whilst mismanagement of funds may be related to deliberate corrupt or criminal behaviour, shortcomings in the planning of programmes and implementation mechanisms may create undesirable consequences as well. Robust organisation, active management and adherence to rules and regulations are therefore important.



ICELAND
LIECHTENSTEIN
NORWAY

eea
grants

LEVELS OF RESPONSIBILITY



The Financial Mechanism Committee (FMC) - consisting of representatives of the Ministries of Foreign Affairs of Iceland, Liechtenstein and Norway - oversees risk management for the EEA Grants. The Norwegian Ministry of Foreign Affairs oversees risk management for the Norway Grants.

A key task is to identify those beneficiary countries that are particularly vulnerable to risks. The donors also work in close cooperation with the National Focal Points in those countries to find ways of managing challenges.

The Financial Mechanism Office (FMO) - the secretariat for the Grants - assesses potential risks to the individual programmes and looks at proposed mitigation measures with the beneficiary countries. To this end, the FMO draws on both risk assessments of the programmes and the annual reporting done by the beneficiary countries.

At the country, programme and project levels, the main responsibility for risk assessment and mitigation lies with the beneficiary countries. Guided by their respective national systems, they are tasked with:

- > carrying out risk management within their area of responsibility,
- > using appropriate tools to analyse and mitigate risks.

Each annual meeting between the donors and the beneficiary countries includes discussion on the main risks facing the programmes. Risk assessment is also followed up in the regular meetings in the FMC.

WORKING TOGETHER

Annual seminars on risk management have been organised with Transparency International since 2010. These seminars provide an opportunity for representatives of the National Focal Points, the three donor countries and the Financial Mechanism Office to share experience and discuss practical aspects of mitigating the main risks to achieving the desired results of the Grants. The 2014 seminar is taking place in Tallinn, Estonia on 24-25 September. The theme is risk management and good governance for results.



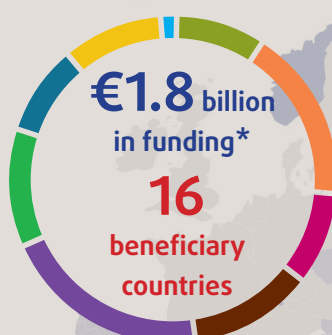
COOPERATION WITH TRANSPARENCY INTERNATIONAL

Working with Transparency International helps effective monitoring of corruption risk.

The EEA and Norway Grants have established a strategic partnership with Transparency International (TI) - a global civil society organisation that promotes transparency and fights corruption. TI has drafted country reports on the potential corruption risks in programmes supported by Iceland, Liechtenstein and Norway, and is compiling a synthesis report of the main findings. It is preparing a catalogue of key mitigation measures and providing advice on establishing effective complaint mechanisms.

ABOUT THE EEA AND NORWAY GRANTS

Iceland, Liechtenstein and Norway provide funding to:



AREAS OF SUPPORT

- Environmental management
- Climate change
- Civil society
- Cultural heritage and diversity
- Human and social development
- Green industry innovation
- Justice and home affairs
- Research and scholarships
- Decent work and social dialogue

* EEA Grants €993.5 million (Norway 95.8%, Iceland 3.0%, Liechtenstein 1.2%) - Norway Grants €804.6 million, financed by Norway alone