



ANNUAL STATUS REPORT TO THE EFTA STANDING COMMITTEE

2014

Annual Status Report on the EEA Grants from the
Financial Mechanism Committee to the EFTA Standing Committee

16 March 2015



EEA Grants: at a glance



Donor countries: Iceland, Liechtenstein and Norway.

Beneficiary countries: Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia and Spain.

Through the EEA Grants, **Iceland, Liechtenstein and Norway** contribute to reducing economic and social disparities in 16 EU countries in Central and Southern Europe.

Strengthening **bilateral relations** is also an overall objective of the EEA Grants. To enhance cooperation, partnerships between organisations in the donor and beneficiary countries are widely encouraged.

For the period 2009-2014, **€993.5 million** has been set aside under the Grants. The majority of programmes may be implemented until April 2017 and their projects until April 2016.

The priority sectors for these funds are environmental protection and management, climate change and renewable energy, civil society, human and social development, protecting cultural heritage, research and scholarships. Strengthening fundamental rights, democratic development and rule of law are key concerns in the Grants. Particular attention is paid to social inclusion for Roma, combating discrimination and hate speech as well as promoting tolerance and multicultural awareness.

The EEA Grants are linked to the Agreement on the European Economic Area through which Iceland, Liechtenstein and Norway participate in the internal market with the European Union.

The Annual Status Report from the Financial Mechanism Committee (FMC) to the EFTA Standing Committee presents an overview of the status and administration of the EEA Grants for the year ending 31 December 2014. The FMC is the decision-making body for the EEA Grants and is composed of representatives from the Ministries of Foreign Affairs from Iceland, Liechtenstein and Norway. The Financial Mechanism Office operates as the secretariat for managing the Grants on behalf of these donor states.

This report summarises developments and challenges related to the implementation of the EEA Grants 2009-2014. It underlines the major areas of operational focus during 2014 and the main activities carried out. This report also provides a brief overview related to closing the project portfolio from the previous funding period 2004-2009.

Unless otherwise stated, data refer to programmes, projects and funding from the EEA Grants as well as joint initiatives by the EEA and Norway Grants. A separate report referring to the EEA and Norway Grants is prepared for the Norwegian Ministry of Foreign Affairs.

An in-depth annual report presenting aims, results and achievements in the beneficiary countries for the funding period 2009-2014 will be prepared during the second quarter of 2015 by the three donor countries.

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1 Highlights in 2014

Implementation of programmes under the 2009-2014 Grants

The programme approach steers the Grants towards two overall objectives – reducing economic and social disparities in the European Economic Area and strengthening bilateral relations between beneficiary and donor countries. In 2014, the main areas of attention included:

- supporting programme implementation in the beneficiary countries. By the end of 2014, disbursement rates stood at 37.3% and a total of 2,265 projects under these programmes had been registered, among which:
 - 1,546 civil society projects, 197 of which with a donor project partner;
 - 239 environment, climate change and renewable energy projects for a total of €88m, of which 31% had a donor project partner;
 - 195 scholarship projects, 79% having a donor project partner;
- ensuring a strong bilateral aspect in all programmes (through the programme bilateral funds, through the 49 programmes with a donor programme partner, so far resulting in 546 projects with donor partners [24%]);
- integrating Croatia into the EEA Grants 2009-2014;
- assuring strong focus on empowering vulnerable groups in relevant programmes, such as minorities and Roma. In total there are 30 Roma-relevant programmes taking place in 12 beneficiary countries.
- ensuring emphasis on combatting hate-speech, hate crime or anti-discrimination and promoting tolerance, in particular through civil society.
- a mid-term review of the NGO funds concluded that NGO programmes have increased the capacity of civil society in Central and Southern Europe and helped to mobilise citizens to voice their concerns and actively engage with governments;
- increasing knowledge about Iceland, Liechtenstein and Norway's contribution in beneficiary and donor States. Communication activities have helped to raise awareness about achievements and opportunities for funding, including via web and an active social media presence;
- reinforcing risk management through stronger emphasis on a risk-based approach to programme implementation and its integration in business processes.

Finalising the 2004-2009 Grants

Progress in 2014 from the 2004-2009 Grants period resulted in:

- Closing all projects in 11 out of 15 beneficiary countries and completing the Grants for these countries.
- Total disbursements at end-2014 were €560m (86.8% disbursement rate).

2 The 2009-2014 Grants

As underlined in the performance audit of the Grants by the Office of the Auditor General of Norway, the strategic shift from a project to a programme approach has promoted a more focused approach for the EEA Grants for the period 2009-2014.¹

This gives added emphasis to results under two overall objectives: reducing economic and social disparities in the European Economic Area and strengthening bilateral relations between beneficiary and donor countries. It also aims to encourage a focus on actual outcomes and evidence-based understanding of what works well and what could be improved.

The performance audit also highlighted that bilateral relations have been strengthened, consistent with the additional emphasis on cooperation between partners in donor and beneficiary countries as well as with international organisations. This not only helps to increase the profile of Iceland, Liechtenstein and Norway but also the expertise that is available to support implementation and results.

Risk management has also been reinforced to strengthen understanding and regular monitoring of risks at all levels. As a strategic partner of the Grants, Transparency International contribute to these efforts with a focus on corruption prevention.

In April 2014, Croatia became the 16th beneficiary country of the EEA Grants 2009-2014, receiving gross funding of €5m.

2.1 Strategic focus of the 2009-2014 Grants

Providing close to €1bn in funding, the EEA Grants for the period 2009-2014 target demonstrable needs and priorities in beneficiary countries in line with broader European policies. Environment, research, scholarship, civil society, investing in people through human and social development, solidarity and bilateral cooperation are among key focus areas.

The EEA Grants (€993.5m) are available in **16 European countries**. Separate funding is allocated to strengthening bilateral relations. This includes donor programme partnerships, which provide technical assistance to the beneficiary countries, project partnerships and other bilateral initiatives.

2.2 Summary of progress

2.2.1 Reducing economic and social disparities

The Grants funding from Iceland, Liechtenstein and Norway contributes to targeted outcomes under six priority sectors in 16 countries.

In 2014 the focus has been on implementation. The vast majority of calls for proposals have been carried out in the beneficiary countries and a large number of projects has been established as a result. Table 1 shows that the vast majority of funding has also been committed. During 2014, €238.6m was disbursed to the beneficiary countries to take total cumulative disbursements for the 2009-2014 Grants to €343m. This took the overall disbursement rate to 37.3% at year-end compared with 11.4% a year earlier. Though trends are largely driven by disbursements in Poland, which has the highest

¹ <http://www.riksrevisionen.no/en/Reports/Pages/EEA.aspx>

overall allocation, there were additional significant increases in disbursement rates in Cyprus, Czech Republic, Estonia, Lithuania, Portugal and Romania.

Table 1: Net allocations, commitments and disbursements by country (EEA Grants 2009-2014, in million €)

| Beneficiary State | Total net allocation* | Committed | Committed (%) | Disbursed | Disbursed (%) |
|-------------------|-----------------------|--------------|---------------|--------------|---------------|
| Bulgaria | 72.7 | 72.2 | 99.31% | 20.6 | 28.35% |
| Croatia | 4.6 | 4.6 | 100.00% | 0.6 | 13.05% |
| Cyprus | 3.6 | 3.6 | 100.00% | 2.0 | 56.86% |
| Czech Republic | 56.8 | 56.8 | 100.00% | 18.8 | 33.09% |
| Estonia | 21.3 | 21.3 | 100.00% | 13.5 | 63.61% |
| Greece | 58.6 | 55.6 | 94.75% | 15.6 | 26.53% |
| Hungary | 64.8 | 63.6 | 98.11% | 13.9 | 21.41% |
| Lithuania | 35.5 | 35.5 | 100.00% | 17.2 | 48.29% |
| Latvia | 32.0 | 32.0 | 100.00% | 5.9 | 18.36% |
| Malta | 2.7 | 2.7 | 100.00% | 0.4 | 13.47% |
| Poland | 246.9 | 244.8 | 99.17% | 99.8 | 40.40% |
| Portugal | 53.6 | 53.6 | 100.00% | 21.2 | 39.60% |
| Romania | 176.4 | 174.9 | 99.14% | 71.7 | 40.64% |
| Slovenia | 11.6 | 11.4 | 98.39% | 3.3 | 28.27% |
| Slovakia | 35.5 | 35.5 | 100.00% | 18.5 | 52.26% |
| Spain | 42.4 | 42.4 | 100.00% | 20.1 | 47.37% |
| Total | 919.0 | 910.4 | 99.07% | 343.0 | 37.32% |

Notes: * Excludes donor state management costs, participation of the donor programme partners, appraisal, monitoring, evaluation, audit and costs linked to the functions of the FMC.

The Regulation on the implementation of the Financial Mechanism allows for programme modifications inter alia when changes are necessary to enhance the impact of the programme or to mitigate risks and/or implementation difficulties.² Following assessment by the FMO, the FMC approved reallocation requests from five countries totalling €6.7m in October 2014.

Further trends can be ascertained from the project information registered regularly throughout the year.

A total of 2,265 projects have been registered for a combined total of €351m (see Annex).³ Most of the projects registered can be found in Poland, Spain and Romania (496, 359 and 244 respectively). As expected, there is a large and wide variety of smaller projects in the civil society sector which, with over 1,500 projects, accounts for two-thirds of those registered so far. A larger number of projects have also been registered for scholarships, environment and climate change related research and technologies, notwithstanding that these are smaller value projects on average.

Although a large number of projects have already been established, the actual total is higher since not all existing projects have been registered by Programme Operators, and many more projects will result from ongoing calls or recently finished calls. To support data completeness, the FMO follows up

² Regulation on the implementation of the European Economic Area (EEA) Financial Mechanism 2009-2014, p. 20, Article 5.9.2.

³ Projects registered in DoRIS (Documentation, Reporting and Information System) up to and including 05 January 2015, when data was extracted.

project registration, reminds the National Focal Points of Programme Operator obligations at Annual Meetings and has conducted training in all beneficiary countries to ensure the procedure is clear. Latterly, this has been included as a quality assurance check in advance of the Annual Meetings.

Long procurement processes at the project level, possible complaints and other unforeseen events represent a risk in 2015 to not achieving all the planned results. The FMO has been monitoring this progress closely and taking risk mitigation action. This will continue to be necessary in 2015.

2.2.2 Strengthening bilateral relations

The EEA Grants 2009-2014 involve an unprecedented number of institutions and individuals in new partnerships between Iceland, Liechtenstein and Norway and the 16 beneficiary countries aimed, not only at reducing social and economic disparities in Europe, but also strengthening political, professional, social and economic ties.

Donor partnerships

Throughout 2014 there has been a continued focus on ensuring the bilateral aspect in all programmes. To enhance cooperation and exchange, more than half of the programmes involve cooperation with donor programme partners (DPPs).

There are 49 programmes with a donor programme partner, involving 15 public entities from the donor countries as well as the Council of Europe.

The programme partnerships promote professional cooperation between public authorities at policy level. The DPPs cooperate with the programme operators by:

- providing advice and assistance in the programme strategy, design and implementation e.g. preparing calls;
- facilitating networking and advising on outreach between the programme operator and potential project promoters and/or project partners from the donor countries;
- advising on possible activities within the programme to strengthen the bilateral aspect.

Throughout 2014, the DPPs have taken part in and facilitated different events and outreach, such as launching events, matchmaking events, cooperation committee meetings, information meetings and networking.

Even with many projects still to be registered, there are already substantial partnerships at project level. Out of 2,265 projects registered by the end of 2014⁴, 546 (24%) had partners from one or more of the donor states. Most project partners are in Norway (458 projects), while there are also 104 projects with partners from Iceland and 5 projects with partners from Liechtenstein. The largest number of partnership projects can be found in Poland (145) and the second largest number in Spain (143).

Although most project partnerships have been established in the Civil Society sector, it is also this sector that has the highest number of projects overall (1,546 projects). Excluding the civil society sector, 49% of projects have a project partner in one of the donor states. In relative terms, most

⁴ Projects registered in DoRIS up to and including 05 January 2015, when data was extracted.

partnerships have so far been established in Scholarships and Cultural Exchange, as well as in some of the environment-related programmes (where fewer projects have so far been registered). As projects are completed, further details will be provided on the results achieved, including in terms of strengthening bilateral relations.

The total budget for the partnership projects amounts to around €142m (see Annex for further details).

Bilateral funds at national and programme levels

In addition to programme and project support, 0.5% of the beneficiary countries' allocation is available to develop bilateral cooperation and activities of bilateral interest with the donor countries. The National Focal Points are in charge of the funds on the basis of work plans agreed with the donor countries which support bilateral initiatives through open calls or through pre-defined activities. In 2014, numerous bilateral activities have been financed through the bilateral funds at national level across the beneficiary countries.

In each programme an additional 1.5% of funds is set aside to promote partnerships and bilateral cooperation within programmes. Bilateral funds at programme level in 2014 have financed a number of partnership matchmaking events and provided financial support for potential partners looking to establish a partnership.

Quantitative indicators show a large number of cooperation activities. At the national level, more than €9m is earmarked for bilateral initiatives (EEA and Norway Grants together), of which more than €3.8m (EEA and Norway Grants) or €2.2m (EEA Grants) has been disbursed to the National Focal Points, funding a number of bilateral and multilateral events and study tours. At the programme level a further €15.4m has been committed and close to €7.1m disbursed (EEA Grants).

2.2.3 Environmental protection and management, climate change and renewable energy

Increased pressure on Europe's ecosystems from intensive agricultural activity, construction, overexploitation of water etc., pollution and climate change contribute to maintaining economic and social disadvantages. Indeed, climate change, loss of biodiversity and shortage of secure energy are some of the key long term drivers of adverse economic and social development. In addition, more energy from renewable sources is needed in order to realise a low carbon economy. The EEA Grants have dedicated significant funding to these issues for 2009-2014.

By the end of 2014, the majority of calls in the environment, climate change and renewable energy priority sectors had taken place. As a result, 239 projects had been registered for a total of €88m, of which 31% had a donor project partner.

2.2.4 Research and scholarship

A large number of researchers and skilled human resources is one of Europe's major assets. Through the EEA Grants, Iceland, Liechtenstein and Norway aim to build on this, for example by strengthening the research and innovation systems through international cooperation.

Moreover, to increase young people's education and employability, the Scholarship programmes target improved skills of teachers and other staff, better teaching methodologies, new curricula, and provide work placements and opportunities for staff and student exchanges between the donor states and beneficiary states.

In 2014, 195 scholarship projects have been established, contributing significantly to the magnitude of partnerships, with 79% having a donor project partner. This has led to increased competences of staff involved in mobility, resulted in over 400 students gaining ECTS credits and many projects with shared results as a result of the cooperation.

2.2.5 Supporting human rights and fundamental values

Strengthening human rights and fundamental values cuts across priority sectors and programme areas in all beneficiary countries. Specific attention is given to initiatives supporting the inclusion of minorities and vulnerable groups, combatting discrimination and racism as well as promoting tolerance and multi-cultural awareness. To support these efforts, a strong partnership with the Council of Europe has been created, bringing strategic advice on relevant European and international standards as well as technical expertise.

In 2014, focus has continued on promoting inclusion of the Roma minority, tackling hate speech, hate crime, violence against women and protecting victims of human trafficking. The Civil Society has been instrumental in achieving this goal. In addition, the principles of good governance, sustainable development and gender equality are safeguarded by all programmes financed by Iceland, Liechtenstein and Norway.

By the end of 2014, projects related to hate-speech, hate crime and/or tolerance, anti-discrimination accounted for:⁵

- 722 projects (26% of the total), of which 125 towards hate speech/hate crime and/or 684 projects towards tolerance/anti-discrimination;⁶
- 75% of these projects are in Poland, Romania, Slovakia, Bulgaria, Czech Republic and Hungary.

2.2.6 Roma inclusion

By the end of 2014, 30 Roma-relevant programmes had taken place in 12 beneficiary countries. Bulgaria, Czech Republic, Hungary, Romania and Slovakia – have all submitted concept papers concerning Roma inclusion as a basis for follow-up actions. A variety of mainstream measures and targeted actions have thus been included in the relevant programmes aiming at triggering a positive change in the situation of Roma communities across Europe.

The Council of Europe is a strategic advisor and partner for the 8 programmes in the region, while the Open Society Foundations provides advice in programmes and projects targeting Roma inclusion. A number of other international organisations have also partnered with the Grants to implement or help the implementation of relevant actions on the ground, notably in Romania.

In addition Iceland, Liechtenstein and Norway cooperate closely with the European Commission and the European Union Agency for Fundamental Rights (FRA) and have joined a number of formal and informal platforms of cooperation on Roma inclusion.

⁵ Data refer to the projects under both the EEA and Norway Grants, though many of the projects are in the civil society sector financed under the EEA Grants.. As well as hate-speech and hate crime, projects linked to tolerance / anti-discrimination are concerned with the following issues: Gender equality, Roma Inclusion, Inclusion of minorities, Combating extremism.

⁶ Projects can be linked to both issues and cannot be simply added.

In 2014 an independent study was commissioned to look into the results frameworks of these programmes, offering different methods to capture the progress made in Roma inclusion both in a quantitative and a qualitative way.

2.2.7 Partnerships with International organisations

Strategic partnerships are a key feature of the approach to the EEA Grants for 2009-2014. Partnerships with the Council of Europe, Open Society Foundations, the European Union Agency for Fundamental Rights and Transparency International bring expertise, results and value.

Through the Grants, Iceland, Liechtenstein and Norway have put in place a strategic partnership with the Council of Europe. Under the EEA Grants, the Council is involved in four programmes as donor programme partner, in four different beneficiary countries. All of these programmes target vulnerable groups, including Roma. Furthermore, the Council of Europe is a project partner in four pre-defined projects in the areas of human rights, democracy and the rule of law. The Council of Europe provides strategic advice and input on European and international standards as well as technical know-how in its areas of expertise.

The European Union Agency for Fundamental Rights provides expert advice on the protection of fundamental rights of the people in the European Union. In 2014, cooperation has centred around the themes of hate crime, violence against women and Roma inclusion. This cooperation has been useful and provided an added value for both parties.

Through the framework agreement with Transparency International special attention is being given to corruption risk associated with the grant management processes within beneficiary countries. Transparency International has prepared country reports which point to *potential* risks of corruption linked to the Grant management process within countries or programmes. This has resulted in mitigating actions being developed by FMO and within the beneficiary countries. Transparency International has also supported the development of an overview of risk mitigation measures to provide advice on how to tackle corruption.

Through an additional arrangement, Open Society Foundations provides strategic advice on how to strengthen civil societies in Europe, to promote tolerance and combat extremism and to improve the situation of Roma by focusing on their civic empowerment. The Grants have also been working together with Open Society Foundations in wider cooperation platforms, such as the Roma Decade or the Coalition of International Organisations on Roma Inclusion.

2.2.8 Evaluation and results

Evaluation is a key tool to demonstrate achievements of results. In 2014, reviews and evaluations were conducted and launched in several areas:

- a mid-term review of the NGO funds concluded that 'NGO programmes have increased the capacity of civil society in Central and Southern Europe and helped to mobilise citizens to voice their concerns and actively engage with governments';⁷

⁷ Out of the box: providing oxygen to civil society, Mid-term evaluation of the NGO programmes under the EEA and Norway Grants (2009-2014), <http://eeagrants.org/News/2015/Mid-term-NGO-evaluation-released>.

- A mid-term review of the cultural heritage programmes scheduled to end in March 2015 aims to provide an independent mid-term evaluation of the contribution of the EEA Grants 2009-14 to the objective of the grants within the cultural heritage sector in the beneficiary states operating programmes;
- A study to improve the reporting on the Roma objectives: this looks into the results frameworks of these programmes, offering different methods to capture the progress made in Roma inclusion from both a quantitative and qualitative perspective. The study is due to be completed in mid-2015.

2.3 Results and risk management

Managing for results does not only mean setting clear objectives and indicators, it also means identifying, analysing and responding to risks. Risk management is an integral part of the management framework of the EEA Grants and a tool to help achieve goals and expected results.

As underlined in the report from the Office of the Auditor General of Norway, moving to a programme model has given more focus to the Grants, and more comprehensive risk management has been introduced.

2.3.1 Working with the beneficiary countries

Through Annual Meetings, technical meetings on specific programmes or issues as well as information sessions or training events the Donors and the FMO have worked with all beneficiary countries to support the implementation of the Grants and its subsequent results. In 2014, 14 Annual meetings took place to follow up progress in the beneficiary countries.⁸

Due to a breach of the regulation, payments to the majority of programmes in Hungary were suspended in May 2014.

2.3.2 Improving indicators and reporting system quality

In 2014, several measures have been taken to strengthen the reporting systems.

1. A review of all programme performance indicators has helped to reduce the number of indicators on which Programme Operators report, and to create additional internal *derived* indicators, which can be used for aggregation purposes to better report on the Grants at an overall level;
2. A Roma Study is seeking to improve reporting on the Roma objectives;
3. A data quality policy was adopted and continued quality assurance has helped to improve the validity and accuracy of data in DoRIS (Documentation, Reporting and Information System);
4. Training to improve the quality of project level information has been conducted in all (remaining) beneficiary countries;
5. Re-training on key issues has been conducted in beneficiary countries where there have been significant staff turnover.

⁸ All beneficiary countries except Croatia and Hungary.

2.3.3 Programme performance monitoring and information sharing

The Documentation, Reporting and Information System (DoRIS) IT system supporting administration and reporting of the 2009-2014 Grants has been further developed in 2014, adding new functionality, many new reports and improving the overall performance and reliability of the system. DoRIS improves the information flow within the FMO and with the beneficiary institutions and stores both quantitative and qualitative data relating to the Grants.

DoRIS provides www.eegrants.org with real-time data on crucial information such as programmes, calls for proposals and projects, and is used to provide a complete overview of the objectives and achievements of the Grants.

2.3.4 Strengthening risk management

In 2014, risk management was reinforced through:

- stronger emphasis on a risk-based approach to programme implementation, using the results of the twice-yearly risk assessments;
- better integration into business processes (monitoring plan, audit plan, annual meetings);
- dedicated monitoring of programme portfolios in certain countries;
- developing mitigation plans in beneficiary countries to respond to corruption risks;
- the annual high level seminar on Good Governance and Risk Management;
- targeted training in beneficiary countries including on risk management and red flags.

The cooperation with Transparency International is part of the broader risk assessment conducted within the Grants scheme. To manage corruption risks, Transparency International offers advice to the FMO and the National Focal Points and is helping to assess the potential exposure to corruption risk in the Grants.

2.3.5 Monitoring and control systems

To respect the principles of economy, efficiency and effectiveness, the management and control systems established in the beneficiary countries provide for clear allocation and separation of functions, procedures for ensuring the accuracy and regularity of expenditure as well as reliable accounting, monitoring and financial reporting systems.

They also provide systems and procedures to ensure an adequate audit trail, and reporting and monitoring procedures for identifying irregularities. All beneficiary countries have delivered audited descriptions of management and control systems.

2.3.6 Irregularities

The Donors have a zero-tolerance policy on corruption and mismanagement, along with transparency at all levels to ensure efficiency and to keep the public informed on the implementation and achievements of the funding.

Aiming to explain the control mechanisms in place to ensure that the money is spent correctly, how checks are performed, and what action is taken in cases where funds are not being managed well, a report on irregularities is updated and made accessible to the public on a quarterly basis. If any resources are unduly paid or lost to corruption, fraud or mismanagement, the beneficiary state is

responsible for refunding the donor states either by reclaiming it from the project promoter or from their own national funds.

The irregularities report for the EEA Grants 2009-2014 shows that 37 cases have been registered that might involve a breach of rules in using the grant. The FMO has completed and concluded the investigation of 17 cases. Errors were confirmed in each of these 17 cases rather than corruption or fraud. An error is any non-compliance with the conditions for receiving the grant, and does not necessarily mean that funds have disappeared, been lost or wasted. Common errors in the management of the EEA Grants at a national level include, for example, contracts awarded without following the correct tender procedure or errors in payment claims.

2.3.7 Training and capacity building

Seminars and workshops organised with focal points, programme operators, donor programme partners, donor country embassies, potential beneficiaries and partners have aimed to provide guidance and a full understanding of roles, responsibilities and the regulation for the 2009-2014 Grants.

Further attention has been given to training in results-based management, DoRIS, financial reporting, and risk and results reporting in, for example, the Annual Programme Reports, Annual Progress Reports and the Strategic Reports. During 2014, 18 such trainings were organised. Besides, six online and video-conferencing based training sessions were held on DoRIS.

3 Communication and events

The core aim of the communication activities continues to be to increase knowledge and awareness of Iceland, Liechtenstein and Norway's contribution through the Grants to reducing disparities and strengthening bilateral relations between donor and beneficiary countries.

With implementation getting underway for most programmes, activities in 2014 focused on programme launches, new funding opportunities to encourage take-up and partnerships and tracking emerging results by 'telling the story' on a project-by-project basis.

3.1 Web and social media

Following the revamp of the website in 2013, the website has grown from 20,000 unique visitors a month in 2013 to 27,000 in 2014. Of these, around 14% were from Greece, 10% from Romania, 7% from Norway and 6% from Poland.

The project portal that was embedded into the site in late 2013 allows web-users to carry out searches for projects of interest. By the end of 2014, more than 2,600 EEA and Norway Grants projects were accessible through the portal.

The FMO launched an EEA and Norway Grants media library in 2014 to assist the FMO, donor countries, National Focal Points, Embassies and other stakeholders of the Grants in their communication activities. Over 3,000 high quality photos and several videos are now available for download, both showcasing specific projects and events in the beneficiary countries as well as serving for use as more illustrative visuals. A number of commissioned photo shoots took place in 2014 to help develop both the quality and quantity of images available.

Improving the website remains an ongoing process. As part of this, a user survey was carried out during 2014. Results and recommendations received from the external user survey and internal stocktaking are to be collated and analysed in the early part of 2015 and will serve as a basis for adjustments.

As well as driving traffic to the eeagrants website, social media provides an excellent platform for reaching out beyond our traditional audiences and has a valuable multiplier effect. By the end of 2014, the Facebook page had received 5,000 likes and the Twitter account had more than 1,200 followers.

3.2 Publications

The main publication in 2014 was the Annual Report 2013-2014 which provides an overview of how the Donors are contributing to reducing disparities and strengthening relations within the various sectors and countries involved in the 2009-2014 period. This publication is directed towards all involved stakeholders. This report focused on two fields of activity - climate change and decent work and tripartite dialogue – as well as providing country-by-country information and project stories.

A number of other fact sheets and publications were also produced by the FMO during the year, including 17 thematic factsheets as well as brochures on the following themes⁹:

- Violence against women in Europe: our response
- Reviving Jewish cultural heritage in Europe and combating anti-Semitism
- Words matter: taking a stand against hate speech (content update)

The FMO also contributed content to a number of EFTA reports including the ‘EFTA Annual Report 2014’ and ‘This is EFTA 2015’.

3.3 Events

In 2014, many events were held to launch programmes and inform about opportunities for funding and partnerships across the beneficiary countries. The FMO also provided support to and / or organised several high-profile events in the donor countries, beneficiary countries and in Brussels, including the following:

- On 6 March, the FMO organised a seminar ‘Violence against Women – our response’ in Brussels. The event was organised to link with the launch of the FRA’s survey on violence against women in Europe and provided a platform to highlight the important efforts of the three donor countries - Iceland, Liechtenstein and Norway - in tackling gender-based violence.
- On 4 April, the Donors sponsored a seminar entitled ‘How can EU Member States combat hate crime effectively?’ through the Grants. The seminar was organised in Thessaloniki by the European Union Agency for Fundamental Rights (FRA) and the Greek Presidency of the Council of the EU in cooperation with the Centre for International and European and Economic Law (CIEEL).

⁹ <http://eeagrants.org/Results-data/Results-overview/Documents/Publications/Brochures>

- In 2014, Croatia became the 16th beneficiary country of the EEA Grants. The first programmes were marked by a launch event held on 29 April in Croatia. The Norwegian State Secretary for Foreign Affairs, Ms Ingvild Naess Stub and the Croatian Deputy Minister for Regional Development and EU Funds, Jaksa Puljiz, formally signed the MoUs.
- On 19 June, a joint EEA and Norway Grants / European Commission (DG Education) photo exhibition was held in the Commission's central Berlaymont building in Brussels to showcase youth empowerment. Kurt Jäger, Ambassador of Liechtenstein to the EU, Asta Magnúsdóttir, Icelandic Permanent Secretary for the Ministry of Education, Science and Culture and Vidar Helgesen, Norwegian Minister of EEA and EU affairs spoke at the launch, with Xavier Prats Monné, Deputy Director-General for Education and Culture, representing the European Commission.
- The annual EEA and Norway Grants conference on risk and good governance was held in Tallinn 24-25 September. The two-day seminar focused on results and risk management in the EEA and Norway Grants. Particular attention was given to the key findings and main mitigating actions resulting from the corruption risk-filtering exercise.
- On 27 November, the conference 'Together against Hate Speech and Hate Crime' took place in Madrid. This served as a forum for sharing ideas and experience and for discussing practical initiatives to help prevent, raise awareness and take action in preventing hate speech and hate crime. The conference was organised by the NGO Platform for Social Action in cooperation with the Royal Norwegian Embassy to Spain and the Spanish Ministry of Health, Social Services and Equality, and was funded through the EEA Grants. It brought together around 200 representatives from governments, civil society and international organisations including the Council of Europe and the FRA.

4 The 2004-2009 Grants

Through €672m in support, the EEA Grants have sought to contribute to reducing economic and social disparities in 15 beneficiary countries in Central and Southern Europe.

The Grants provided support in the main areas of protection of environment and sustainable development (28%), cultural heritage (26%), health and childcare (17%) and human resource development (11%).¹⁰

4.1 Implementation status

In 2014, further progress was made to complete and formally close the 2004-2009 Grants: 11 out of 15 beneficiary countries were completed following closing of all in-country projects.¹¹ Total disbursements at end-2014 were €560m. This is equivalent to an overall disbursement rate of 86.8% (compared to net allocations).

¹⁰ See annex for details.

¹¹ The remaining countries are Czech Republic, Greece, Slovakia and Slovenia.

Table 2: Project status and disbursements per country by end-December 2014 (EEA Grants 2004-2009, in million €)

| Beneficiary State | Projects | Current commitment* | Disbursement* | Disbursed % of net allocation** |
|-------------------|------------|---------------------|---------------|---------------------------------|
| Bulgaria | 43 | 18.7 | 16.9 | 81.90% |
| Cyprus | 3 | 1.2 | 1.2 | 98.06% |
| Czech Republic | 81 | 46.0 | 44.9 | 96.41% |
| Estonia | 15 | 9.2 | 8.8 | 90.54% |
| Greece | 38 | 22.7 | 14.0 | 42.61% |
| Hungary | 53 | 48.5 | 46.1 | 78.97% |
| Latvia | 30 | 18.6 | 23.7 | 91.45% |
| Lithuania | 40 | 24.9 | 17.3 | 91.41% |
| Malta | 5 | 1.8 | 1.8 | 97.87% |
| Poland | 287 | 262.1 | 255.8 | 94.91% |
| Portugal | 32 | 28.8 | 26.4 | 87.68% |
| Romania | 42 | 44.5 | 38.1 | 78.60% |
| Slovakia | 82 | 27.3 | 5.3 | 90.05% |
| Slovenia | 12 | 5.8 | 26.0 | 83.86% |
| Spain | 21 | 39.8 | 33.6 | 76.41% |
| Total | 784 | 600.0 | 560.0 | 86.80% |

* Includes appraisal, monitoring and evaluation. ** Disbursements are calculated as a % of the net allocation to countries i.e. excluding donor country management costs. *** Includes Innovation Norway for BG and RO.

4.1.1 Irregularities

The irregularities report shows that of all the projects funded in the 2004 to 2009 period, the FMO has registered 133 cases in 112 projects that might involve a breach of rules in using the grant. The FMO has completed and concluded the investigation of 130 cases (109 projects). Of these closed cases, errors were confirmed in 84 cases, of which six cases involved fraud (0.7% of projects).

5 Administrative issues

The donor management costs are fixed at 7.5% for the EEA Grants in 2009-2014 and, in addition to management costs for running the FMO, include such costs as participation of the donor programme partners, appraisal, monitoring, evaluation, audit and costs linked to the functions of the FMC. Some further administrative costs exist in the beneficiary countries. Table 4 summarises the budget for 2014. The figures for the beneficiary countries represent the claims from the technical assistance funds in the countries in 2014 (Table 4).

Table 3: Administrative budget in 2014

| EEA FM 2009-2014 (€ in 2014) | |
|--|------------------|
| FMO Administrative Costs | 6,747,714 |
| Additional activities performed on behalf of FMC e.g. monitoring, evaluation, audits and external seminars | 922,650 |
| Total | 7,670,364 |

Table 4: Technical assistance and cooperation costs in 2014

| EEA FM 2009-2014 (€ in 2014) | |
|---|------------------|
| Donor Programme Partners | 3,290,922 |
| Technical Assistance in the Beneficiary country | 2,339,501 |
| Technical Assistance and Cooperation Costs | 5,630,423 |

As of 31 December 2014, the FMO had 53 fixed-term staff positions, encompassing 13 different nationalities.

Table 5: Financial Mechanism Office: staffing statistics

| Category | Number |
|------------------------------------|--------|
| Fixed term staff | 53 |
| Gender balance (m/w) | 25/28 |
| Management gender balance (m/w) | 4/3 |
| Staff nationalities | 13 |
| Turnover (fixed term new starters) | 12 |

Annexes

Annex 1: Data

Figure 1: Distribution of funds by priority sector (%)

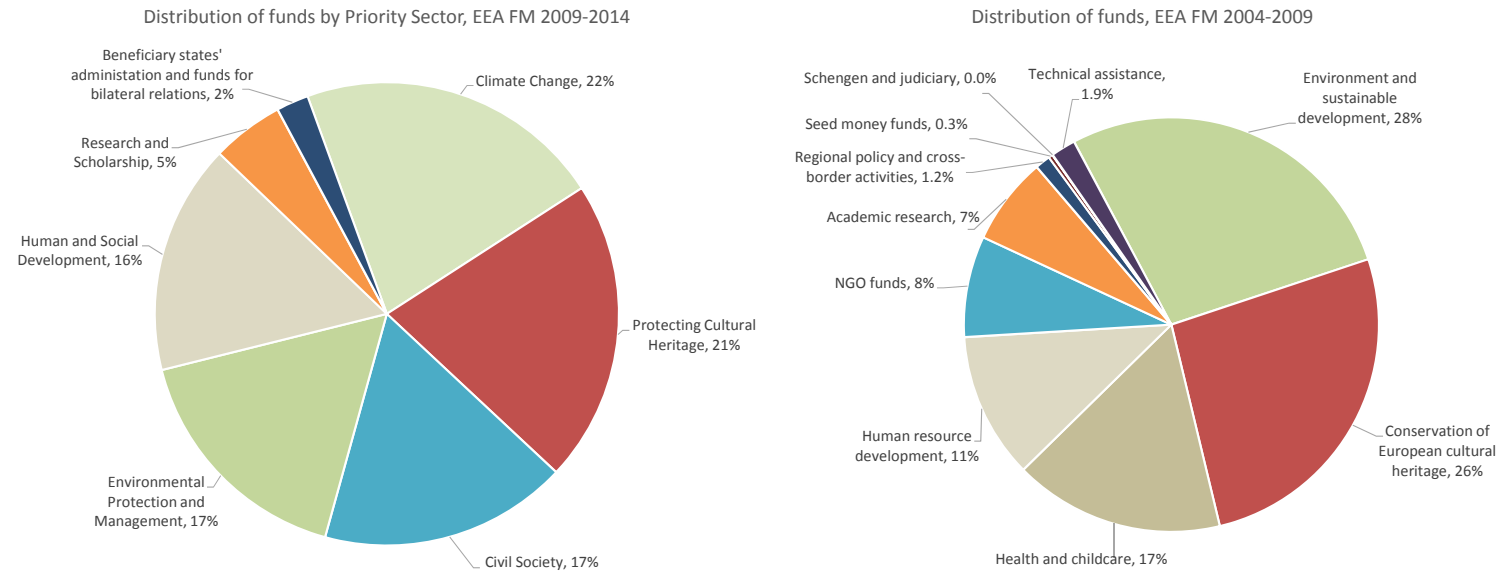


Table 6: Project partners overview by Beneficiary State

| Beneficiary State | Number of projects | Out of which predefined projects | Total Grant Awarded | Number of projects with Donor Project Partner | | | | | Amount allocated to donor project partners** | | | |
|-------------------|--------------------|----------------------------------|---------------------|---|-------------|--------------|--------------------|---|--|----------------|--------------------|--|
| | | | | Total | From Norway | From Iceland | From Liechtenstein | Amount allocated to the projects with donor project partners* | From Norway | From Iceland | From Liechtenstein | |
| Bulgaria | 168 | 1 | €9,611,484 | 17 | 15 | 1 | 0 | €3,431,589 | €57,194 | €10,505 | €0 | |
| Cyprus | 23 | 3 | €3,257,711 | 3 | 2 | 1 | 0 | €184,604 | €0 | €0 | €0 | |
| Czech Republic | 125 | 7 | €9,705,193 | 44 | 42 | 2 | 0 | €3,798,745 | €78,671 | €5,019 | €0 | |
| Estonia | 118 | 7 | €16,528,887 | 30 | 24 | 8 | 0 | €8,011,760 | €978,771 | €800 | €0 | |
| Greece | 49 | 7 | €22,312,688 | 3 | 3 | 0 | 0 | €481,551 | €43,773 | €0 | €0 | |
| Hungary | 172 | 2 | €6,136,813 | 8 | 7 | 1 | 0 | €768,369 | €21,680 | €1,217 | €0 | |
| Latvia | 191 | 8 | €18,488,395 | 36 | 33 | 3 | 0 | €7,654,830 | €443,112 | €6,215 | €0 | |
| Lithuania | 76 | 7 | €20,864,665 | 26 | 22 | 5 | 0 | €7,023,369 | €116,869 | €0 | €0 | |
| Malta | 14 | 2 | €1,431,114 | 1 | 1 | 0 | 0 | €442,202 | €23,174 | €0 | €0 | |
| Poland | 496 | 11 | €134,360,527 | 145 | 108 | 49 | 3 | €59,323,492 | €2,872,221 | €346,211 | €30,006 | |
| Portugal | 67 | 8 | €22,323,537 | 7 | 7 | 2 | 0 | €14,343,255 | €311,344 | €42,927 | €0 | |
| Romania | 244 | 4 | €39,959,636 | 39 | 30 | 8 | 0 | €22,838,162 | €1,130,845 | €204,737 | €0 | |
| Slovakia | 121 | 3 | €12,929,547 | 20 | 19 | 1 | 0 | €3,659,081 | €247,963 | €9,815 | €0 | |
| Slovenia | 42 | 0 | €2,327,308 | 24 | 17 | 8 | 1 | €1,151,305 | €65,032 | €57,570 | €0 | |
| Spain | 359 | 8 | €30,607,024 | 143 | 128 | 15 | 1 | €8,748,357 | €2,213,190 | €33,530 | €0 | |
| Total | 2,265 | 78 | 350,844,529 | 546 | 458 | 104 | 5 | 141,860,671 | 8,603,839 | 718,546 | 30,006 | |

* Each project can have multiple donor project partners

** Amount allocated to each project partner is often not known when the project is registered in DoRIS. This figure is therefore under-reported.

Source: Project level information – DoRIS, 05/01/2015.

Note: These data are based on the project level information provided by the programme operators and extracted from DoRIS as of 05/01/2015. They may change shortly since new projects are entered in DoRIS daily. Existing amounts can be subject to change before the projects being completed.

The overall amount allocated to the donor project partners is around €9m. However, we suggest treating this financial figure with reserve, bearing in mind that the amount allocated to the Donor project partners will be higher but not possible to be estimated at this moment due to the limitations noted. As soon as more projects will be completed, this information will start to be more consistent.

Table 7: Projects partners overview by Programme Area

| Programme Area | Number of projects | Out of which predefined projects | Total Grant Awarded (€) | Number of projects with Donor Project Partner | Amount allocated to projects with Donor Project Partners | Amount allocated to DPPs | | | |
|---|--------------------|----------------------------------|-------------------------|---|--|--------------------------|-------------------|-----------------|--------------------|
| | | | | | | Total | From Norway | From Iceland | From Liechtenstein |
| PA01 - Integrated marine and inland water management | 7 | 4 | €15,139,947 | 5 | €13,615,856 | €390,026 | €347,099 | €42,927 | €0 |
| PA02 - Biodiversity and ecosystem services | 7 | 7 | €5,058,740 | 1 | €838,400 | €0 | €0 | €0 | €0 |
| PA03 - Environmental monitoring and integrated planning and control | 12 | 9 | €28,865,699 | 10 | €25,869,382 | €2,340,222 | €2,261,742 | €78,480 | €0 |
| PA04 - Reduction of hazardous substances | 1 | 1 | €1,691,400 | 1 | €1,691,400 | €301,475 | €301,475 | €0 | €0 |
| PA05 - Energy efficiency | 7 | 1 | €5,013,060 | | €0 | €0 | €0 | €0 | €0 |
| PA06 - Renewable energy | 6 | 0 | €5,748,506 | 3 | €5,307,353 | €68,388 | €0 | €68,388 | €0 |
| PA07 - Adaptation to climate change | 10 | 5 | €10,333,595 | 6 | €4,151,898 | €268,544 | €268,544 | €0 | €0 |
| PA09 - Environmental and climate change-related research and technol | 189 | 0 | €16,072,709 | 49 | €4,981,025 | €1,819,936 | €1,813,436 | €6,500 | €0 |
| PA10 - Funds for non-governmental organisations | 1,546 | 7 | €87,707,505 | 197 | €16,393,623 | €1,095,201 | €910,638 | €184,563 | €0 |
| PA11 - Children and youth at risk | 55 | 5 | €16,334,041 | 17 | €7,051,071 | €243,950 | €243,950 | €0 | €0 |
| PA12 - Local and regional initiatives to reduce national inequalities an | 39 | 6 | €14,711,167 | 2 | €2,320,825 | €184,000 | €184,000 | €0 | €0 |
| PA13 - Public health initiatives (EEA grants) | 11 | 1 | €9,858,861 | 3 | €1,178,555 | €0 | €0 | €0 | €0 |
| PA14 - Mainstreaming gender equality and promoting work-life balance | 16 | 8 | €5,368,507 | 3 | €1,340,414 | €331,500 | €331,500 | €0 | €0 |
| PA15 - Institutional framework in the asylum and migration sector | 7 | 5 | €14,834,392 | | €0 | €0 | €0 | €0 | €0 |
| PA16 - Conservation and revitalisation of cultural and natural heritage | 74 | 17 | €96,422,690 | 33 | €42,579,444 | €443,033 | €443,033 | €0 | €0 |
| PA17 - Promotion of diversity in culture and arts within European cultur. | 83 | 1 | €10,254,938 | 61 | €9,731,097 | €991,125 | €853,841 | €137,284 | €0 |
| PA19 - Scholarships | 195 | 1 | €7,428,772 | 155 | €4,810,328 | €874,991 | €644,581 | €200,404 | €30,006 |
| EEA total | 2,265 | 78 | €350,844,529 | 546 | €141,860,671 | €9,352,391 | €8,603,839 | €718,546 | €30,006 |

* Note that the amount allocated to Donor project partners is often not known when the project is registered in DoRIS. We suggest treating this financial figure with reserve, bearing in mind that the amount allocated to the Donor project partners will be higher but not possible to be estimated at this moment.

Source: Project level information – DoRIS, 05/01/2015.

Annex 2: Methodological notes

The project information in this report is based on project data registered in DoRIS for the 2009-2014 funding period. Project level information including a project summary is inserted by the Programme Operators into the database of the EEA Grants (DoRIS) for all projects that receive funding. The data are subject to change since new projects are entered in DoRIS on a daily basis.

The data in section 2.2.3 on hate speech hate crime and tolerance/anti-discrimination are based on projects:

1. when any of the issues below is identified as fundamental in the design and impact of the project, and is an explicit justification for the project (policy marker = fundamental issue):
 - A. Countering hate-speech and hate crime
 - B. Tolerance / anti-discrimination, relating to:
 - i. Gender equality
 - ii. Roma Inclusion
 - iii. Inclusion of minorities
 - iv. Combating extremism
2. If the following terms are found via a free text search of the project summary: hate; tolerance; discrimination.

Further details, including information on specific projects, are available on the project portal (<http://eeagrants.org/project-portal/2009-2014>), with slighter lower figures as data is subject to certain quality controls at the FMO.