



ANNUAL STATUS REPORT TO THE EFTA STANDING COMMITTEE

2015

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

23 May 2016



EEA Grants: at a glance



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 programmes may be implemented until December 2017.

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.

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.

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 2015. 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 2015 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.

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 2016 by the three donor countries.

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1 Highlights in 2015

Implementation of programmes under the 2009-2014 Grants

2015 has been a pivotal year in terms of achieving tangible results that are reaching high numbers of end-beneficiaries and create substantial added value to the priority sectors in the beneficiary countries. Constant high demand for funds and interest in projects show the need and relevance of the Grants. In 2015, the vast majority of the programmes have reported positive, promising and in some cases impressive results. For example, through the EEA Grants, 160,000 people from vulnerable groups report improved access to welfare and basic services, and 6,338 migrants and asylum seekers have been given accommodation, information and basic provisions. Through the EEA and Norway Grants combined, across the sectors at least 93,000 persons have received training, and 207 scientific articles have been published or are in preparation.

Bilateral relations are strengthened through numerous partnerships which promise to extend beyond the lifecycle of the Grants. To this end, Donor Programme Partners play a central role. Interest in the Grants and in donor country cooperation is especially high in areas where donor country competence is considered to be advanced. These areas include, but are not limited to, civil society, culture, environment and renewable energy.

In 2015, the main areas of attention included:

- Supporting programme implementation in the 16 beneficiary countries. By the end of 2015, disbursement rates stood at 65.4%, compared to 37.3% by the end of 2014. A total of 5,021 projects under 95 programmes had been registered, a significant increase compared to end 2014, with 2,265 registered projects;
- ensuring a strong bilateral aspect in all programmes through donor partnerships and the bilateral funds. By the end of 2015, there were 49 programmes with a donor programme partner, so far resulting in 1,254 projects with donor partners (25%), compared to 546 projects with donor partners by the end of 2014. The draft Bilateral midterm evaluation¹ show that programmes and projects contribute to awareness raising, changes in attitudes and the development of trust between cooperating organisations.;
- increasing knowledge about Iceland, Liechtenstein and Norway's contribution in beneficiary and donor States and capturing and sharing the results from programmes and projects. Communication activities have helped to raise awareness about the EEA Grants' achievements, e.g. via improved results sections on www.eeagrants.org and an active social media presence, where the number of followers continue to grow. By the end of 2015, the Facebook page had received 8,000 likes, a 60% increase compared to same period last year.
- a mid-term evaluation concluded the cultural heritage programmes can contribute substantially towards safeguarding cultural heritage and generate sustainable economic and social impact.

Finalising the 2004-2009 Grants

- A final FMC meeting to close the Financial Mechanisms 2004 – 2009 was held in May 2016.
- Total disbursements at end-2015 were €556.2m (86.2% disbursement rate).

¹ Draft report, Mid-term evaluation of the support to strengthened bilateral relation under the EEA and Norway Grants (COWI, 2016)

2 The 2009-2014 Grants

The EEA Grants 2009-2014 provide **€993.5m** in funding and are available in **16 European countries**. The Grants target demonstrable needs and priorities in beneficiary countries in line with broader European policies, and has two overall objectives: **reducing economic and social disparities in the European Economic Area** and **strengthening bilateral relations between beneficiary and donor countries**.

Environment, research, scholarship, civil society, investing in people through human and social development, solidarity and bilateral cooperation are among key focus areas. Separate funding is allocated to strengthening bilateral relations through donor programme partnerships, which provide technical assistance to the beneficiary countries, project partnerships and other bilateral initiatives.

As underlined in the performance audit of the Grants by the Office of the Auditor General of Norway (2013), the strategic shift from a project to a programme approach has promoted a more focused approach for the EEA Grants 2009-2014.² 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.

2.1 Summary of progress

2.1.1 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 2015, focus has been on implementation of the 95 programmes supported by the EEA Grants, and on collecting and sharing the first results of the Grants.

The demand for the EEA Grants in the beneficiary countries has been consistently high. Interest in the Grants and in donor country cooperation has been especially high in areas where donor country competence is considered to be advanced. The Grants are complementary to EU funding and/or support areas where EU funding is limited or not available.

The number of projects established as a result of calls for proposals carried out in the beneficiary countries has steadily increased, and table 1 shows that the disbursement rate has raised accordingly. During 2015, €256m was disbursed to the beneficiary countries to take total cumulative disbursements for the 2009-2014 Grants to €600m. This took the overall disbursement rate to 65.4% at year-end. Though trends are largely driven by disbursements in Poland and Romania, which have the largest overall allocations, the highest disbursement rates are in Cyprus, Estonia, Lithuania and Portugal.

² <http://www.riksrevisionen.no/en/Reports/Pages/EEA.aspx>

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	72.7	100.00%	46.7	64.18%
Croatia	4.6	4.6	100.00%	1.7	36.35%
Cyprus	3.6	3.6	100.00%	2.8	79.65%
Czech Republic	56.8	56.8	100.00%	42.0	73.88%
Estonia	21.3	21.3	100.00%	16.8	79.10%
Greece	58.6	58.6	100.00%	30.4	51.82%
Hungary	64.8	63.6	98.11%	17.7	27.90%
Lithuania	35.5	35.5	100.00%	27.7	78.12%
Latvia	32.0	32.0	100.00%	14.6	45.72%
Malta	2.7	2.7	100.00%	0.5	18.02%
Poland	246.9	245.7	99.53%	178.6	72.68%
Portugal	53.6	53.6	100.00%	40.7	75.99%
Romania	176.4	176.4	100.00%	118.9	67.41%
Slovenia	11.6	11.6	100.00%	5.3	45.42%
Slovakia	35.5	35.5	100.00%	26.1	73.56%
Spain	42.4	42.4	100.00%	29.2	68.94%
Total	919.0	916.6	99.74%	599.8	65.44%

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

** Includes committed programme grant and the approved reserves for projects under 04-09 FM

*** Includes payments made to projects within the 04-09 FM from the 09-14 FM reserve

Further trends can be ascertained from the project information registered regularly throughout the year. A total of 5,021 projects have been registered for a combined total of €761m (see Annex, table 6).³ Most of the projects registered can be found in Poland, Romania and Bulgaria (878, 748 and 606 respectively). As expected, there is a large and wide variety of smaller projects in the civil society sector which, with 2,875 projects, accounts for 57% of the registered projects. Environmental protection and management and Climate change accounts for 792 projects, representing a total €296m.

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.⁴ In 2015, exceptional extensions of the final date of eligibility of projects were given to selected projects, in order to increase their possibility of achieving the planned results. This exercise concerned 57 programmes in 13 Beneficiary States, and had a positive effect on the risk profile of the concerned programmes, e.g. where long procurement processes represented a risk to not achieving results.

The latest risk assessment showed a reduction in the percentage of programmes at high or medium high risk of not achieving their results (35% of programmes in October, compared to 42% in May 2015). Close monitoring of programme risks will continue in 2016, ensuring that adequate risk mitigation actions are taken when necessary.

³ Projects registered in DoRIS (Documentation, Reporting and Information System) up to and including 08 January 2016, when data was extracted.

⁴ Regulation on the implementation of the European Economic Area (EEA) Financial Mechanism 2009-2014, p. 20, Article 5.9.2.

2.1.2 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.

In 2015, a change to the Regulations opened up for a broadened scope of the use of funds for bilateral relations, both at national and programme level. The aim of the amendment was to increase the absorption rate of the funds, and the October risk assessment showed a positive effect on the overall bilateral risks.

Donor partnerships

Throughout 2015 there has been a continued focus on ensuring the bilateral aspect in all programmes. 49 of the 95 programmes involve cooperation with donor programme partners (DPPs) including the Council of Europe.

Throughout 2015, 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. Both Programme operators and the FMO consider that the DPPs are important for the success of the programmes. The involvement of DPPs in the programme development, project selection and implementation of programmes has been rewarding in terms of the results achieved, and cooperation under the Grants also lay the groundwork for further collaboration, with many planning to develop future projects together, not least under larger scale EU programmes.

Interest in the competence and experience that the donor state partners can provide is high at both programme and project level. According to the draft Mid-term evaluation report of the support to Strengthened Bilateral Relations, stakeholders from both beneficiary and donor states confirm an increase in knowledge and mutual understanding of the partners' culture and socio-economic environment. Wider effects in terms of continued cooperation and development of networks are significant in the Research programmes, where the benefits in terms of developing international and EU networks and learning about international initiatives are very clear.

The DPPs' contribution is very evident in the facilitation of partnerships at project level (see Annex, table 6). Out of the 5,021 projects registered by the end of 2015⁵, 1,254 (25%) had partners from one or more of the donor states. Most project partners are in Norway (1,060 projects), while there are also 244 projects with partners from Iceland and 15 projects with partners from Liechtenstein.

Although the majority of partnerships are within the Civil society and Research and scholarship sectors (see Annex, table 7), the intensity of the cooperation is also significant in e.g. cultural heritage.

The total budget for projects in which a donor project partner is involved amounts to around €283m. Donor project partnerships play a key role in particular in the research and scholarship sector, where 82% of the projects have a donor project partner.

⁵ Projects registered in DoRIS up to and including 08 January 2016, when data was extracted.

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. In each programme an additional 1.5% of funds is set aside to promote partnerships and bilateral cooperation within programmes, and these bilateral funds have contributed to achieving the high number of partnerships established.

At the national level, more than €9,5m is earmarked for bilateral initiatives (EEA and Norway Grants together), of which more than €5.8m (EEA and Norway Grants) or €3.1m (EEA Grants) has been disbursed to the National Focal Points. At the programme level a further €16.1m has been committed and over €10m disbursed (EEA Grants).

The bilateral funds disbursements rates are expected to increase over the coming period as a result of the completion of the project contracting phase in combination with a change to the Regulations during 2015 which allows for a more flexible use of the bilateral funds.

2.1.3 Asylum and migration

Improving conditions for asylum seekers and irregular migrants in Greece, especially unaccompanied children, is an important priority for Iceland, Liechtenstein and Norway. A total of €20.9 million from the EEA Grants had, at the end of 2015) been allocated to an asylum programme in Greece to help establish an efficient national migration management system (this has since risen to €24.2 million).

Key achievements in this sector includes a total of 6,338 migrants and asylum seekers who have been given accommodation, information and basic services. Furthermore, 9,360 decisions were made in asylum cases. Through civil society, with the International Organisation for Migration (IOM) as fund operator, the Grants financed the operation of 4 reception centres for asylum seekers with a capacity of 272 places. Out of the 1,127 migrants who were given shelter and services in these centres in 2015, 950 were unaccompanied minor asylum seekers. The occupancy rate for 2015 was almost 70%, which must be considered satisfactory.

An independent review of asylum and migration in Greece⁶ highlights that the SOAM Programme⁷, has provided shelter and care to more than 1,700 unaccompanied minors and to around 230 vulnerable families. In addition, the programme has produced a significant added value through piloting experience and know how in running reception centers for vulnerable asylum seekers, raising awareness and participation of local communities and local government, and developing procedures and networks to support unaccompanied children and teenagers.

2.1.4 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.

31 joint research projects have been funded, with 761 researchers involved, which are contributing with new research based knowledge and understanding in the respective fields of research:

⁶ Draft report of March 2016 of an independent review by INBAS GmbH.

⁷ "Supporting Organizations that Assist Migrant asylum seeking population in Greece"

renewable energy, social sciences and humanities, health and environment. Furthermore, strengthened research capacity is shown by 24 internationally refereed scientific publications under preparation or published, and support for master students, PhDs and Postdocs (130 PhDs and Postdocs are supported through the projects).

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.

By the end of 2015, 486 scholarship projects had been registered, contributing significantly to the magnitude of partnerships, with 83% having a donor project partner. More than 1,700 staff and students have completed or are involved in mobility to and from donor countries, with 1,185 mobilities hosted in Norway, 329 in Iceland and 47 in Liechtenstein⁸.

This has led to increased competences of staff involved in mobility, and the scholarship programmes contribute to reducing the social disparities which is particularly important for low-income countries. The relatively high individual grant provided to beneficiary country students widens the opportunity for participation to individuals that could not finance a stay in donor countries on their own. Grants for learning mobility have so far enabled over 800 students to earn ECTS study credits.

2.1.5 Environmental Protection and Management

Iceland, Liechtenstein and Norway have allocated a total of €151.6 million to programmes dealing with environmental protection and management in the beneficiary states. The programmes contribute to reaching good environmental status in European marine and inland waters; halting the loss of biodiversity; preventing injury and harmful health-related and environmental effects caused by chemicals and hazardous waste; improving compliance with European environmental legislation and international agreements.

The Grants supports the implementation of key EU legislation and EU directives through 15 programmes and almost 300 projects in the sector, both through concrete measures, such as restoration of degraded land, online information on air quality and safe handling and storage of hazardous substances, but foremost by increasing the competence and capacity of relevant institutions and building the knowledge base for sustainable management of natural resources.

Key achievements within this sector include 113 environmental or integrated marine monitoring plans and programmes; 188 monitoring and management plans developed specifically for areas with Natura 2000 status; the 'new' marine research vessel was delivered in Lisbon in October 2015; and at least 1,325 persons at national and local level have been trained across the four programme areas.

2.1.6 Cultural heritage

The independent mid-term evaluation⁹ of the EEA Grants-funded culture programmes published in December 2015 concludes that the cultural heritage and diversity programmes can contribute

⁸ Scholarship data collected from Programme Operators February/March 2016.

⁹ Mid-term evaluation of the cultural heritage sector under the EEA Grants (2009-2014), <http://eeagrants.org/News/2015/Culture-programmes-to-generate-lasting-impact>

substantially towards safeguarding cultural heritage and generate an economic and social impact that will endure beyond the funding.

The vast majority of funds have been allocated to the preservation and restoration of cultural heritage sites, in particular museums and libraries, as well as to a range of artistic disciplines promoting diversity in culture. This is in line with the overall aims of the programmes. The report emphasises also the beneficial economic and social spin-off effects, expected to endure beyond the funding period, including job creation at restoration sites, boost for tourism, development of new skills and competences as well as improved educational and social cohesion.

Findings confirm that the programmes are well-run and that the donor programme partner involvement has positively impacted on the design and management of the programmes. There has been a substantial increase in the extent of bilateral cooperation in projects compared to the previous funding period. This has helped to build capacity and increase international links between cultural players in the donor and beneficiary countries.

2.1.7 Human and social development

Through the programmes in this sector, the Grants are progressing steadily towards targets and in many cases vastly overachieving them. The combined results contribute to building stronger human capacity for the future and more resilient societies overall.

The EEA Grants provide €56 million to programmes in six beneficiary countries to support children and youth at risk. Results so far show that almost 6,000 children and youth have benefitted directly from being enrolled in new day-care and pre-school activities, through attending new open youth centres and educational facilities, etc.

When it comes to gender equality, results in Spain include 87 companies committed to increase the number of women in managerial positions, and 230 women having received business training and mentoring. Furthermore, 3,760 women from vulnerable groups have improved their labour market accessibility.

2.1.8 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, the partnership with the Council of Europe is important. Moreover, Civil Society has been instrumental in promoting democratic values and human rights, and combatting discrimination.

Under the NGO programmes, just over €25 million (or 18% of the available project grant) is allocated to 559 projects that are promoting democratic values and gender equality, defending human rights and combatting discrimination and xenophobia. To date, nearly 17,000 people have benefitted from human rights support provided by project promoters who are defending victims of hate crime, driving legal change to uphold the rights of Roma, refugees and sexual minorities, and sensitising decision-makers and majority populations to the importance of tolerance and respect for diversity.

Raising awareness of human rights and discrimination is an important focus of the programmes, with thirty-seven human rights campaigns in Lithuania alone, which aimed to counteract discrimination

against e.g. LGBT people. There are in total (all beneficiary states included) 65 projects in DORIS that directly support LGBT activities, with total grants of € 2,952,470. All but three projects are supported through the NGO programmes. Furthermore, the Grants have been a strategic partner of the Council of Europe's "No Hate Speech Movement" (NHSM) Campaign since its inception.

In addition, the principles of good governance, sustainable development and gender equality are safeguarded by all programmes financed by Iceland, Liechtenstein and Norway.

2.1.9 Roma inclusion

Currently 31 programmes spread over 9 different programme areas in 13 countries include focus on Roma. The estimated EEA Roma related project grant awarded stands at €55.4m through 589 projects. Estimated disbursement rate for Roma related projects is 79% (based on EEA and Norway Grants).

The Grants are successfully engaged in piloting the integrated approach, i.e. measures are taken in all the four main fields of Roma integration: education, health, employment and housing. A major focus of the NGO programmes is to support the inclusion of Roma communities. In Bulgaria and Romania, nearly 20% of total project funding is channeled to Roma-relevant projects (double the target level of 10%), while just over 17% of re-granting funds in Hungary and Slovakia are spent on Roma-relevant projects, and 13% in the Czech Republic. A total of 426 Roma-relevant projects are being implemented.

Challenges linked to the integration of Roma continued to be high both on the EU agenda, and that of several Beneficiary States. A permanent exchange of views was conducted with core stakeholders in the field, such as the European Union, the Council of Europe, the UN family, the World Bank and major NGOs. 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.

2.1.10 Partnerships with International organisations

Strategic partnerships are a key feature of the EEA Grants 2009-2014.

Strategic partnerships with international organisations are often an important feature of strengthening bilateral cooperation with Beneficiary States. This cooperation brings added expertise, results and visibility to the support from the Grants.

The Council of Europe (CoE) provides strategic advice and know-how in its areas of expertise: human rights, democracy and the rule of law. In 2015 substantial results were achieved in the programmes benefitting from its strategic advice.

The European Union Agency for Fundamental Rights (FRA) provides expertise on the protection and promotion of fundamental rights. In 2015, cooperation with FRA was especially fruitful on a project in Romania that covers all (over 3,000) localities aiming to develop a system for monitoring the situation of Roma communities at the local level.

Other international partners, such as the International Organisation for Migration (IOM) helps the Grants in effectively responding to actual challenges in the Beneficiary States. For example, in Greece IOM together with 3 NGO consortiums on the ground addresses urgent needs for the

reception and screening of new migrant arrivals. IOM also assist voluntary returns, including victims of trafficking, and provides accommodation for many vulnerable asylum seekers.

2.1.11 Evaluation and results

Evaluation is a key tool to demonstrate achievements of results. In 2015, the conducted and launched reviews and evaluations included:

- The mid-term review of the cultural heritage programmes was published in December 2015, and concluded that “The cultural heritage and diversity programmes can contribute substantially towards safeguarding cultural heritage and generate an economic and social impact that will endure beyond the funding”¹⁰.
- A Mid-term review of the EEA and Norway Grants has gathered lessons learned and best practices in the implementation of the programme model and provide recommendations on how to make it more efficient and effective in the future. The review is due in June 2016.
- A Mid-term Evaluation of the support to Strengthened Bilateral Relations under the EEA and Norway Grants has assessed to what extent and how the EEA/Norway Grants are contributing to strengthening bilateral relations between the donor and beneficiary states. According to the draft report, programmes and projects contribute to awareness raising, changes in attitudes and the development of trust between cooperating organisations. The final report is due in May 2016.
- A Communication review for the EEA and Norway Grants 2019-2014 is assessing the progress of implementation of communication strategies and plans across the beneficiary states, including identifying communication results and best practice. The review will also provide recommendations for improved visibility of the EEA and Norway Grants and how the regulations regarding communication could be improved in the future.

In addition to evaluations and reviews, rapid assessments will be conducted in 2016 with a view to obtain information quickly, principally on results achieved, but also to plan ahead, based on needs on-the-ground.

2.2 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.

While work on measuring results has improved, one of the main recommendations given in the performance audit was to strengthening the ongoing work on results-based management, thereby

¹⁰ Mid-term evaluation of the cultural heritage sector under the EEA Grants (2009-2014), <http://eeagrants.org/News/2015/Culture-programmes-to-generate-lasting-impact>

enabling greater reporting of outcomes and long-term impacts of programmes and projects. In 2015, close follow-up of the programmes' first results achievements have been given priority, through capacity building and guidance on results management and reporting, and a strengthening and improvement of studies, reviews and evaluations for results reporting.

2.2.1 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 2015, 15 Annual meetings took place to follow up progress in the beneficiary countries.

Due to a breach of the regulation, payments to the majority of programmes in Hungary were suspended from May 2014 to 9 December 2015, when the Financial Mechanism Committee decided to lift the suspension of payments and resume the support to economic and social cohesion in Hungary. The suspension was lifted after the Hungarian authorities and the donors had come to an agreement regarding the control functions and implementation of the Grants in Hungary, and they are now up and running. There is however limited time available to implement the programmes and projects in Hungary, and risk assessments have led to modifications of some programmes. The "Children and youth at risk" programme has been discontinued.

2.2.2 Programme performance monitoring and information sharing

The Documentation, Reporting and Information System (DoRIS) IT system supporting administration and reporting of the 2009-2014 Grants improves the information flow within the FMO and with the beneficiary institutions and stores both quantitative and qualitative data relating to the Grants.

DoRIS has been further developed also in 2015, for example to improve of the document management functionality. The system has now received Final Acceptance, meaning that the anticipated specifications have been met.

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. To support data completeness, the FMO follows up programme and 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 procedures are clear.

2.2.3 Strengthening results and risk management

One of the main recommendations given in the Office of the Norwegian Auditor General's (OAG) performance audit report was to strengthening the ongoing work on results-based management, thereby enabling greater reporting of outcomes and long-term impacts of programmes and projects.

The action plan established to follow-up these recommendations includes a number of accomplished activities. In 2015, several measures have been taken to strengthen the results reporting and to increase the potential of capturing results:

- A close follow-up of the programmes' results achievements
- new system functionalities to improve data quality on completed projects
- capacity building and guidance in order to improve results reporting and understanding (e.g. training to improve the results reporting in annual programme reports)

- continued monitoring of risks at all levels
- strengthening and improvement of studies, reviews and evaluations for results reporting
- introducing results based monitoring to understand and verify progress

As more programmes approach their final implementation phase, results on outcome level will become increasingly available, and the derived performance indicators aggregate these results at an overall level. Furthermore, external monitoring will to a larger extent be used to verify progress towards agreed outcomes.

2.2.4 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.

In line with the approved Audit Plan, 20 audits, focused mostly on management and control systems, were launched by the FMO in 2015. In some cases, scheduled audits needed to be postponed due to delays in implementation and little financial progress. For each finalised audit, an action plan has been launched by the FMO with a main objective of close monitoring and follow-up on implementation of all the auditors' recommendations. If needed, remedial actions, including financial recoveries, are being implemented in close dialogue between the Beneficiary States and the FMO. The results received so far on the 20 audits launched in 2015 include six unqualified and four qualified opinions.

2.2.5 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.

In the period from September 2013 to 31 December 2015, 181 irregularity cases have been reported by the beneficiary countries and the Fund Operators. Out of these, 94 irregularity cases have been closed (investigations concluded).

Among these closed irregularity cases, most relate to errors, and none concerned fraud. 30 closed cases refer to deviations from the programme agreement; 30 refer to deviations from the project contract; 17 refer to deviations from public procurement procedures and 17 refer to errors in payment claims. An error is any non-compliance with the conditions for receiving the grant at

country, programme or project level, and does not necessarily mean that funds have been lost or wasted.

2.2.6 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.

In 2015 particular attention has been given to training in financial and legal issues, including irregularities, DoRIS, results reporting and communication. During 2015, 14 such trainings were organised, in addition to online and video-conference based training sessions on DoRIS.

3 Communication and events

The core aim of communication activities continues to be to increase the visibility and awareness of the contribution of Iceland, Liechtenstein and Norway, through the Grants, to reducing disparities and strengthening bilateral relations between donor and beneficiary countries. With implementation well underway on most programmes, the emphasis for communication in 2015 shifted from process to communicating results and achievements.

3.1 Web and social media

Improving the website remains an ongoing process. Following an external user survey and internal stocktaking carried out 2014, some adjustments and improvements have been introduced. The main focus is on improving the results sections and, more broadly, the navigation and general accessibility. New [country pages](#) have already been launched where aggregate results are presented in more accessible and visually attractive way using infographics. Similarly-styled pages for each sector are under development.

As well as driving traffic to www.eegrants.org, social media provides an excellent platform for reaching out beyond our traditional audiences and has a valuable multiplier effect. Our reach continues to grow and grow. By the end of 2015, the Facebook page had received 8,000 likes (a 60% increase compared to same period last year) and Twitter more than 2,000 followers (up from 1,200 at end of last year).

The EEA and Norway Grants media library was launched in 2014 to assist the FMO, donor countries, National Focal Points, Embassies and other stakeholders in their communication activities. By the end of 2015, almost 4,000 high quality photos and a number of videos were available for download. These images showcase specific projects and events as well as serve for use as more illustrative visuals. A number of commissioned photo shoots took place in 2015 to help develop both the quality and quantity of images available.

3.2 Publications

The main publication in 2015 was the Annual Report 2014-2015. This provided an overview of the contribution of the donors towards meeting the twin goals of reducing disparities and strengthening bilateral relations. The report focused on three key thematic areas – innovation and skills, civil

society, and, justice and home affairs – as well as presenting an overview of progress and results in each country.

All thematic and country factsheets were revised in 2015 to reflect updated figures following re-allocations. A number of brochures were produced including^[1]:

- ‘Building a stronger civil society in Europe’
- ‘Together for Roma inclusion’
- ‘Ten facts about the EEA and Norway Grants’ (*March 2016*)

The FMO also contributed content to a number of EFTA reports including the ‘EFTA Annual Report’.

3.3 Events

In 2015, the FMO provided support to and / or organised several high-profile events in the donor and beneficiary countries, including the following:

April 2015	INTERCULTURALISM IN HISTORICAL EDUCATION Warsaw, Poland
May 2015	EUROPE FREE FROM GENDER-BASED VIOLENCE: FROM COMMITMENT TO ACTION Prague, Czech Republic
June 2015	EUROPEAN HERITAGE CONGRESS Oslo, Norway
June 2015	EUROPRIDE Riga, Latvia
September 2015	COMBATING THE LOOTING OF SYRIA’S CULTURAL HERITAGE Sofia, Bulgaria
October 2015	FIGHTING CORRUPTION AND ECONOMIC CRIME Prague, Czech Republic,
November 2015	6th EUROPEAN BORDER DIALOGUES FORUM Košice, Slovakia and Uzhorod, Ukraine

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%).¹¹

4.1 Closing the 2004-2009 Grants

The implementation of the Financial Mechanisms 2004 – 2009 (FMs 2004 - 2009) has come to an end, and a final FMC meeting to close the FM 04-09 was held in May 2016.

^[1] <http://eeagrants.org/Results-data/Results-overview/Documents/Publications/Brochures>

¹¹ See Annex, Fig. 1 for details.

Total disbursements at end-2015 were €556m. This is equivalent to an overall disbursement rate of 86.2% (compared to net allocations).

Table 2: Project status and disbursements by end-December 2015 (EEA Grants 2004-2009, in million €)

Beneficiary State	Projects	Net allocation*	Disbursement**	Disbursed % of net allocation	09-14 Payment***
Bulgaria	43	20.6	16.4	79.47%	0.5
Cyprus	3	1.2	1.2	98.06%	0.0
Czech Republic	81	46.6	45.0	96.53%	0.0
Estonia	15	9.7	8.8	90.54%	0.0
Greece	38	32.9	12.0	36.48%	2.9
Hungary	53	58.3	46.1	78.97%	0.0
Latvia	30	19.0	17.3	91.41%	0.0
Lithuania	40	25.9	23.7	91.45%	0.0
Malta	5	1.8	1.8	97.87%	0.0
Poland	287	269.6	255.8	94.89%	0.0
Portugal	32	30.1	26.4	87.68%	0.0
Romania	42	48.5	36.6	75.59%	1.5
Slovakia	81	31.0	25.9	83.34%	0.0
Slovenia	12	5.9	5.3	90.05%	0.0
Spain	20	44.0	34.0	77.37%	0.0
Total	782	645.1	556.2	86.22%	4.9

* Net allocation to countries i.e. excluding donor country management costs.
** Includes appraisal, monitoring and evaluation.
*** Payments made from 09-14FM reserve, those are excluded from the disbursements and disbursement rate.

4.2 Irregularities

The irregularities report shows that of all the projects funded in the 2004 to 2009 period, the FMO has registered 136 cases in 114 projects that might involve a breach of rules in using the grant. The FMO has completed and concluded the investigation of all the cases. Of these closed cases, errors were confirmed in 96 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 3 summarises the administrative budget for 2015.

The figures for the beneficiary countries represent the claims from the technical assistance funds in the countries in 2015 (Table 4).

Table 3: Administrative budget in 2015

EEA FM 2009-2014 (€ in 2015)	
FMO Administrative Costs	6,602,356
Additional activities performed on behalf of the FMC, e.g. monitoring, evaluation, audits and external seminars	494,839
Total	7,097,196

Table 4: Technical assistance and cooperation costs in 2015

EEA FM 2009-2014 (€ in 2015)	
Donor Programme Partners	2,779,740
Technical Assistance in the Beneficiary country	2,268,291
Technical Assistance and Cooperation Costs	5,048,031

As of 31 December 2015, the FMO had 60 fixed-term staff positions to support administration of both the EEA and Norway Grants, of which 55 had been filled at the end of the year. The staff encompassed 17 different nationalities. As from 1 January 2016, the FMO has 61 positions.

Table 5: Financial Mechanism Office: staffing statistics on 31 December 2015

Category	Number
Fixed term staff	55
Gender balance (m/w)	23/32
Management gender balance (m/w)	4/4
Staff nationalities	17
Turnover in 2015 (fixed term new starters)	7

5.1 Planning ahead

As the EEA Grants 2009-14 are now starting to produce substantial results, one of the main focus areas in 2016 will be to capture and share these results.

In parallel, planning and preparing the future Financial Mechanisms 2014-21 will be given high priority. Following the signature of the Agreement on an EEA Financial Mechanism 2014-2021 on 3 May 2016, the main tasks in 2016 will be the MoU negotiations, and preparing the consultation of the Blue Book and the new Financial Mechanism Regulations.

In addition, preparing activities to launch the FMs 2014-21, capacity building in beneficiary countries (e.g. on the programme design process), conducting Rapid Assessments and finalising the global fund for regional cooperation are key priorities for the coming period.

Annexes

Annex 1: Data

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

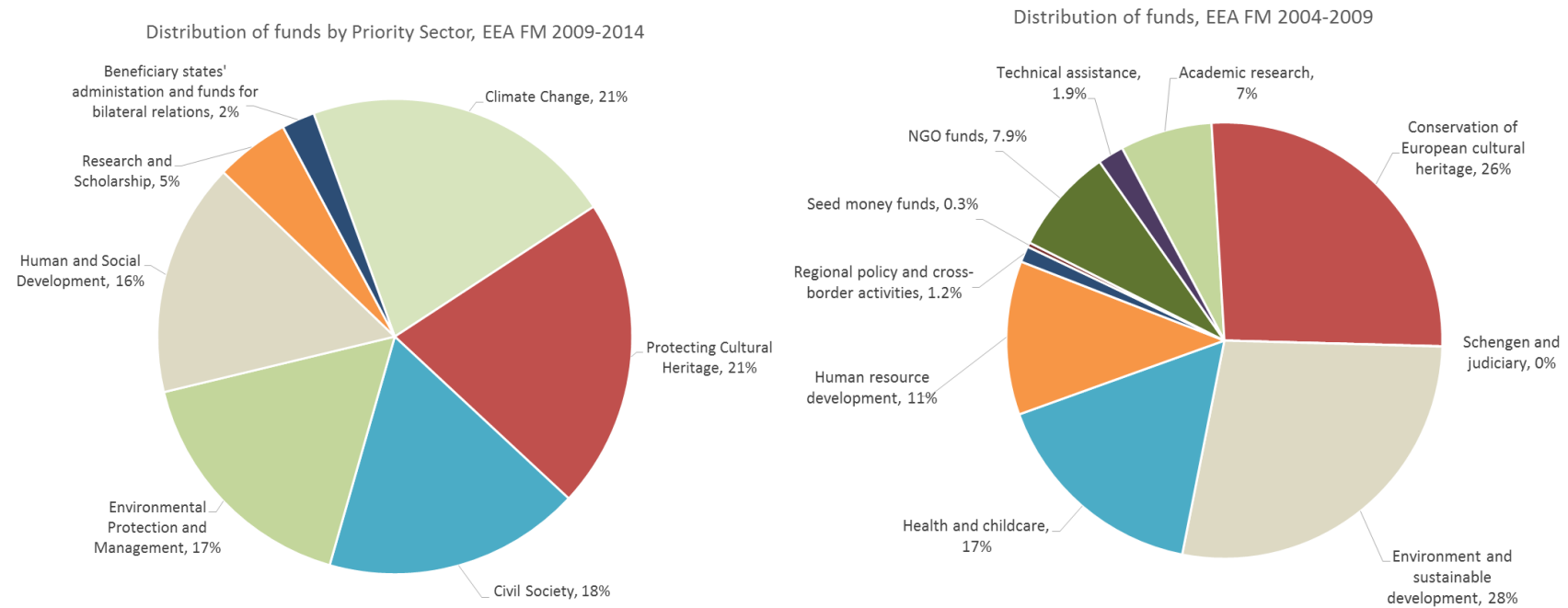


Table 6: Project partners overview by Beneficiary State EEA Grants 2009-2014

Beneficiary State	Number of projects	Out of which predefined projects	Total Grant Awarded	Number of projects with Donor Project Partner			
				Total	From Norway	From Iceland	From Liechtenstein
Bulgaria	606	11	€57,271,042	77	71	5	1
Croatia	44	2	€3,440,472	0	0	0	0
Cyprus	23	3	€3,257,719	3	2	1	0
Czech Repu	559	7	€49,402,816	261	229	33	3
Estonia	167	7	€18,941,271	38	29	10	0
Greece	127	7	€46,451,611	17	14	3	0
Hungary	432	55	€14,297,268	27	21	7	0
Latvia	269	8	€28,072,984	84	76	11	2
Lithuania	132	10	€29,043,485	52	42	13	0
Malta	15	3	€2,349,672	1	1	0	0
Poland	878	9	€243,029,732	202	154	74	6
Portugal	212	10	€47,706,868	60	54	10	0
Romania	748	11	€143,213,806	153	122	37	0
Slovakia	282	4	€28,777,534	53	51	5	1
Slovenia	82	1	€10,386,596	42	31	13	1
Spain	445	9	€35,172,352	184	163	22	1
Total	5,021	157	760,815,228	1,254	1,060	244	15

Note: Each project can have multiple donor project partners. These data are based on the project level information provided by the programme operators and extracted from DoRIS as of 08/01/2016. They may change shortly since new projects are entered in DoRIS daily. Existing amounts can be subject to change before the projects being completed.

Table 7: Projects partners overview by Programme Area EEA Grants 2009-2014

Programme Area	Number of projects	Out of which predefined projects	Total Grant Awarded (€)	Number of projects with Donor Project Partner	Grant awarded to projects with Donor Project Partners
PA01 - Integrated marine and inland water management	69	7	€36,552,735	20	€21,977,800
PA02 - Biodiversity and ecosystem services	195	10	€58,642,314	33	€18,491,613
PA03 - Environmental monitoring and integrated planning and control	24	10	€33,783,218	16	€28,714,544
PA04 - Reduction of hazardous substances	10	1	€9,073,904	8	€6,930,346
PA05 - Energy efficiency	153	1	€80,032,515	21	€4,705,398
PA06 - Renewable energy	41	6	€34,354,183	17	€13,520,294
PA07 - Adaptation to climate change	111	6	€27,877,280	43	€17,745,325
PA09 - Environmental and climate change-related research and technology	189	0	€16,072,814	48	€4,929,080
PA10 - Funds for non-governmental organisations	2,875	66	€137,708,051	299	€22,625,867
PA11 - Children and youth at risk	152	7	€36,482,373	21	€10,293,973
PA12 - Local and regional initiatives to reduce national inequalities and to promote social inclusion	75	7	€23,036,659	7	€3,007,822
PA13 - Public health initiatives	57	4	€28,837,124	23	€8,008,031
PA14 - Mainstreaming gender equality and promoting work-life balance	96	9	€13,004,126	26	€3,035,662
PA15 - Institutional framework in the asylum and migration sector	7	4	€14,834,394	0	€0
PA16 - Conservation and revitalisation of cultural and natural heritage	193	18	€151,450,232	79	€71,086,136
PA17 - Promotion of diversity in culture and arts within European cultural heritage	247	1	€23,039,363	161	€19,250,477
PA18 - Research within priority sectors	41	0	€20,476,729	30	€18,811,301
PA19 - Scholarships	486	0	€15,557,214	402	€9,852,792
EEA total	5,021	157	€760,815,228	1254	€282,986,461

Source: Project level information – DoRIS, 08/01/2016.

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.

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.