

Strategic Report
on the implementation of the European Economic Area
Financial Mechanism and the Norwegian Financial Mechanism 2009-2014
in Poland in 2013

submitted for the evaluation of the Monitoring Committee for the European Economic Area Financial
Mechanism and the Norwegian Financial Mechanism on 12 March 2014

National Focal Point
Ministry of Infrastructure and Development
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TABLE OF CONTENTS

LIST OF ABBREVIATIONS.....	3
1 EXECUTIVE SUMMARY	4
2 ASSESSMENT OF THE EFFECT OF THE GRANTS	5
2.1 COHESION	5
2.2 BILATERAL RELATIONS.....	9
3 REPORTING ON PROGRAMMES	12
3.1 OVERVIEW OF PROGRAMME STATUS	12
3.2 INDIVIDUAL PROGRAMME SUMMARIES	20
4 MANAGEMENT AND IMPLEMENTATION	34
4.1 MANAGEMENT AND CONTROL SYSTEMS	34
4.2 COMPLIANCE WITH EU LEGISLATION, NATIONAL LEGISLATION AND THE MoU	35
4.3 IRREGULARITIES.....	36
4.4 AUDIT, MONITORING, REVIEW AND EVALUATION	36
4.5 INFORMATION AND PUBLICITY.....	37
4.6 WORK PLAN	39
5 SUMMARY LIST OF ISSUES AND RECOMMENDATIONS	40
6 ATTACHMENTS TO THE STRATEGIC REPORT	40

LIST OF ABBREVIATIONS

FMO	FINANCIAL MECHANISM OFFICE IN BRUSSELS
DoRIS	DOCUMENTATION, REPORTING AND INFORMATION SYSTEM
EEA	EUROPEAN ECONOMIC AREA
EFTA	EUROPEAN FREE TRADE ASSOCIATION
BCF	BILATERAL COOPERATION FUND
IFR	INTERIM FINANCIAL REPORT
NFP	NATIONAL FOCAL POINT
MoU	MEMORANDUM OF UNDERSTANDING
MID	MINISTRY OF INFRASTRUCTURE AND DEVELOPMENT
MCNH	MINISTRY OF CULTURE AND NATIONAL HERITAGE
NRDC	NATIONAL RESEARCH AND DEVELOPMENT CENTER
UN	UNITED NATIONS
PO	PROGRAMME OPERATOR
MISD	MANAGEMENT AND IMPLEMENTATION SYSTEM DESCRIPTION
GDP	GROSS DOMESTIC PRODUCT
REGULATIONS	REGULATIONS ON THE IMPLEMENTATION OF THE FINANCIAL MECHANISM

1 EXECUTIVE SUMMARY

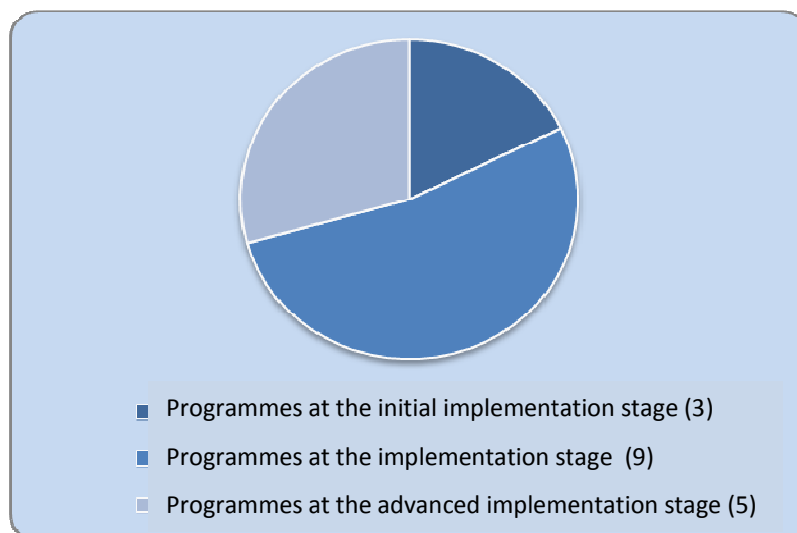
The year 2013 was the year of intensive preparations of institutional structures and applicable documentations, calls for proposals and implementation of the first initiatives, which acquired a decision on co-financing. However, negotiations of the implementing terms and conditions for several programmes and reallocation of funds have been continued.

All authorities involved in the implementation have worked intensively on the establishment of relevant structures ensuring proper implementation of the EEA Financial Mechanism and of the Norwegian Financial Mechanism. Therefore the Programme Operators provided the Management and Control System Descriptions, meeting the obligations set forth in the *Regulations*. By the end of 2013, the Financial Mechanism Office received the Management and Control System Descriptions for eight authorities, approved by the Audit Authority as compliant with the *Regulations* and generally accepted accounting principles (GAAP).

Due to tight framework, the individual institutions, in parallel to establishing structures, have been involved in signing the agreements, works on agreeing the pre-defined projects, launching calls for proposals and, in certain cases, implementing the first initiatives.

By classifying 17 programmes (excluding Technical Assistance Fund and Bilateral Cooperation Fund) broken-down by implementation progress, three groups were distinguished.

Chart 1 Classification of Programmes by implementation progress



There are three programmes at the initial implementation stage, being for the most of preparatory nature (signing of the agreement, agreeing the content of pre-defined programmes, no announcement of calls for proposals) (PL13, PL16 and PL18). The other 9 programmes are at the implementation stage, with announced however not decided calls for proposals as for 2013 (PL02, PL03, PL04, PL05, PL07, PL08, PL14, PL15 and PL17). Programmes at the advanced implementation stage are the programmes with already implemented projects - this group includes 5 programmes (PL06, PL09, PL12, PA22 and PL10). With regard to the above it should be stated that the progress status of the Financial Mechanisms in Poland as for the end of 2013 is satisfactory.

Due to reallocation of funds from the CCS programme (PL11), the addenda to the agreements for the Programmes (PL12, PL10, PL08, PL07, PL04) were signed. Reallocated funds have been also dedicated to the new programme (PL18) managed by the Innovation Norway and increasing the budgets of already announced calls for proposals and preparation of the new calls for proposals for the initiatives aiming at reducing carbon dioxide emission to atmosphere.

In 2013 there were 16 calls for proposals for both small and large projects announced. Number of completed calls for proposals clearly demonstrates greater dynamics of the Funds implementation in Poland. 2013 was the year posing the greatest challenges for the authorities involved in programme implementation and showing large interest of the applicants - with the total number of recorded projects of 5052.

Informational and promotional actions carried out both by the Programme Operators and the National Focal Point¹ contributed to great interest of the potential beneficiaries. Various nationwide actions (press, Internet, TV) and local actions (meetings, conferences, seminars and trainings) have been completed.

With regard to the actions in the field of bilateral cooperation, in 2013 it was developed in the following areas: culture, research, justice, counteracting domestic violence and human trafficking, prison system and environment protection. Key tools contributing to delivery of the objectives included conferences, seminars, study visits and numerous meetings.

Referring to potential risks, the National Focal Point identifies the risk of failure to deliver the planned impact for the programs, in which the contests were not decided by the end of 2013, in particular the investment, environmental and partner projects. In addition, in the case of DoRIS system, its full functionality and introducing improvements eliminating all discrepancies are of the key importance.

2 ASSESSMENT OF THE EFFECT OF THE GRANTS

2.1 Cohesion

The key objectives of the EEA Financial Mechanism and the Norwegian Financial Mechanism 2009-2014 include: strengthening of social and economic cohesion i.e. reducing differences within EEA and strengthening bilateral relations between the donor-states and beneficiary-state. The list below presents data on the selected social and economic outcomes specifying the country's development level. Presented information enables determining current development determinants, as well as identifying the position of Poland among the other European and global states.

The assessment commences with presentation of the general outcomes specifying the social-economic position of Poland. The **global competitiveness index** is a list presenting a complex image of competitiveness of a selected state against the other countries, considering various development criteria². The analysis is based on 12 pillars³ - thematic areas defined as authorities, guarantees and factors specifying the efficiency level of a given state. The pillars are further classified in three categories: "Basic requirements", "Efficiency enhancers", "Innovation and sophistication factors"- within which data necessary for assessment were collected. In the report for the years 2013-2014 Polish economy was classified at 42. position from among 148 states subject to assessment and at 16. position from among the EU Member States (note 4.46 for the total of 7 points). Considering the assessed categories, the poorest outputs were recorded in innovation and

¹ On 27 November, 2013 the National Focal Point was changed. The merger between the Ministry of Regional Development and the liquidated Ministry of Transport, Construction and Maritime Economy resulted in establishment of the new Ministry of Infrastructure and Development, acting currently as the NFP.

² http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf

³ institutional level, infrastructure, macro-economic environment, health and primary education, higher education and trainings, goods market efficiency, labour market efficiency, financial market development, technology readiness, market size, business sophistication and innovation

sophistication factors - 65. position in the world, whereas the best outputs were recorded in the efficiency enhancers - 32. position. In the basic requirements category Poland was classified at 59. position.

Human Development Index (HDI) is the measure used by the UN to determine the effects of social and economic development of the countries in the world. HDI uses composite statistic of life expectancy, standard of living, education and illiteracy indices data for ranking purposes. According to the UN report for 2013, Poland, as in the previous year, was classified at the 39. position from among 186 analyzed countries. In global scale, this position classifies Poland in well-developed countries group, however in the EU scale this is the 7. position from the end⁴.

Life expectancy of a Polish citizen continues to increase and, according to data as of 2012, amounts to 76.3 years.⁵ Women in Poland live 81.1 years in average, i.e. by 8.4 years longer comparing to men, life expectancy of whom is 72.7 years⁶. Analysis of data from the EU28 area demonstrates that statistical female citizen of the European Union lives more than 83 years, comparing to the statistical male EU citizen living 77.5 years. These data show significant disproportion between life expectancy of Polish and EU men, which poses an issue of concern. In the last years no increase of Polish population has been recorded. In 2012, **rate of natural increase** was 0.0%⁷.

Key outcome for economic issues is **GDP - gross domestic product increase**, enabling indication of economic growth dynamics in a given country. GDP of Poland for 2012 reached 1.9%. In 2013, further economic slow-down, forecasted by the analysts and noticeable in particular in the first half of the year, took place. Economic recovery in the 3Q and 4Q resulted in general GDP increase of 1.5% as of the end of the year. For comparison purposes, average GDP level in the Euro-zone dropped in the same period by 0.5% and in EU12 zone⁸ by 1%. According to current forecasts of the World Bank, in 2014 the downward trend of GDP should reverse, however full recovery to the state from before the economic crisis will take a long time. The experts forecast that Polish GDP should increase by 2.8% in 2014. At the same period, average increase in the Euro-zone will fluctuate at the level of app. 1.1% and app. 2.3% in the new Member States⁹.

According to Eurostat data for 2012, **GDP per capita** in Poland - comparing to the EU27 average - amounted to 67%, i.e. by 2% higher comparing to the previous year and by 15% higher than in 2004. Despite continuous increase of the GDP per capital level in Poland, average Polish citizen in the EU is wealthier only comparing to a statistical citizen of Bulgaria, Romania, Croatia and Latvia with average earnings at the same level as in Hungary¹⁰.

In 2012, **public debt** in Poland reached 55.6% GDP, which means a decrease by 0.6% comparing to 2011 and may be considered highly positive output. To compare, average public debt in EU28 amounted 85.1% at the end of 2012 and was by 2.8% higher comparing to the same period in the previous year. Interim statements for 2013 demonstrated less optimistic outputs for Poland comparing to the previous year. According to Eurostat data, Polish public debt in the 2Q 2013 increased up to 58.3% GDP, which was accompanied by increase of average public debt in the entire EU, reaching at the end of 2Q 2013 86.8% GDP.¹¹

⁴ Based on "Human Development Report 2013"

⁵ <http://hdr.undp.org/en/countries/profiles/POL>

⁶ <http://epp.eurostat.ec.europa.eu/tgm/refreshTableAction.do?tab=table&plugin=0&pcode=tps00025&language=en>

⁷ <http://data.worldbank.org/outcome/SP.POP.GROW>

⁸ States accessed the EU since 2004

⁹ <http://www.worldbank.org/pl/news/press-release/2013/12/18/eu11-growth-slowly-picks-up-but-ensuring-shared-prosperity-continues-to-be-challenging-says-world-bank>

¹⁰ <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tec00114>

¹¹ <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tipsgo20&plugin=0>

The **Gini Coefficient (social inequality index)** is used in the econometrics to measure dispersion intended to represent the income distribution of a nation's residents. The higher coefficient for a given state (expressed in numbers), the greater disproportions in income distribution in this state. Gini Coefficient value for Poland amounted to 30.9 in 2012, which means a decrease by 0.2 unit comparing to 2011. According to Eurostat data, social inequality in Poland has been demonstrating downslide trend since 2005, however in recent years this trend was insignificant. In 2012, average value of Gini coefficient for the entire EU reached 30.6, comparing to 30.3 for the new Member States. The state of the lowest level of social inequality in the EU was Slovenia (23.7), opposite to Latvia (35.9)¹².

In terms of **gender-based unemployment**, in 2012 there was noticeable disproportion in employment level to the detriment of women in Poland, which is proved by Eurostat data¹³, according to which annual unemployment rate for men was 9.4% and 10.9% for women. In 2012 Poland recorded high **unemployment rate of young adults (below 25 years of age)** - total of 26.5% (24.1% for men and 30% for women, respectively), demonstrating continuous upward trend since 2008. High unemployment rate of young adults seems to be an issue of concern in the EU scale, since its EU average amounts to 23%, whereas unemployment rate of young adults below 10% was reached only by Austria, Holland and Germany. **Employment rate** in Poland i.e. percentage indication of professionally active part of society aged 20 - 64 years of age, amounted 64.7% in 2012, meaning an increase of 0.2% comparing to the previous year. Disproportion in gender-based unemployment decreased insignificantly and continues to maintain at high rate. Employment rate for men reached 66.3% (increase by 0.1 p.p. comparing to 2011) and 57.5% for women (increase by 0.3% comparing to 2011)¹⁴.

Risk of poverty and social exclusion is considered a significant assessment criterion of social and economic condition of the state. Poverty and social exclusion at the European level has been currently determined by such factors as unemployment, insufficient income, difficult living conditions, limited access to health care or limited access to education, culture, entertainment or sports¹⁵. In 2012, the category of people at risk of poverty and social exclusion covered 26.7% of Polish society, demonstrating the increase by 0.5 p.p. comparing to 2012. However, the rate of people at risk of poverty and social exclusion at the EU level increase by 0.8% in annual scale, reaching 24.8% in 2012. Poland was classified into the group of eight EU Member States, in which this rate demonstrated downward trend (along with Germany, France, Finland, Slovakia, Holland, Lithuania and Latvia)¹⁶.

Financing rate for **research and development** in Poland increased in 2012 by 0.14 p.p., comparing to the previous year, up to 0.9% GDP as of the end of the year. This was the highest increase in this area recorded in recent years, which does not change the necessity of allocation of greater funds in this area in future to reach the target outcome of 1.7% (Europe 2020). Upward trend, however still insignificant, covered the area of the entire EU28, with the average increase of investments in research and development by 0.02 p.p. In 2012, financing of R&D investments in all EU Member States amounted to 2.06% GDP in average¹⁷.

Poland continues taking the actions for **counteracting climate changes and fostering environmental protection**. These actions are reflected by increasing share of renewable energy sources in total energy production and taking the activities for mitigating climate changes - among others by reduction greenhouse gases emission. Comparing data on Poland from recent years, improvement in reducing greenhouse gases emission is to be observed, despite continuous domination of coal energy in the economy. Since the accession of Poland to the European Union in 2004, the highest emission rate was recorded in 2007 and

¹² <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&language=en&pcode=tessi190>

¹³ http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=une_rt_a&lang=en

¹⁴ http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=0&language=en&pcode=t2020_10&tableSelection=1

¹⁵ red. Tendera-Właszczyk H. 'Social Policy of the EU Member States upon accession of the eastern countries' Krakow, 2010, p. 56

¹⁶ http://epp.eurostat.ec.europa.eu/tgm/refreshTableAction.do?tab=table&plugin=0&pcode=t2020_50&language=en

¹⁷ http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=0&language=en&pcode=t2020_20&tableSelection=1

amounted to 89.4 (reference to the baseline level of '100' established for each state in 1990)¹⁸. According to recent available data - of 2011, Poland decreased gas emission down to 87.56 (decrease by app. 0.5 p.p. comparing to 2010). Average greenhouse gas emission in the entire EU reached 83.07, whereas target rate was established at 80. It is worth to notice that Poland records continuous increase of share of renewable energy sources to its total consumption. In 2011 this share increased by 0.9 p.p. comparing to the previous year and reached 10.4%, bringing Poland closer to the EU average of 13%¹⁹. During the upcoming years, continuous investments in the Renewable Energy Sources sector are planned to reach the estimated baseline of 15% by 2020²⁰. The objective is to be delivered by among others development of wind energy, propagation of biomass and biogas-based technologies and investments in solar energy and hydropower²¹.

The remaining data presented in the analysis below were collected in context of governance status (data on corruption perception, complying with democracy and freedom rules - including media and economic freedom as well as employee participation rate).

The Transparency International draws up the comparative analyses on **corruption perception level** in public sectors. The study covers 177 states/territories in the world. Each state/territory was scored, provided that the maximum total score was 100. Poland, with the output of 60 points in 2013, which is 2 more comparing to 2012, was classified at 38. position in global scale and 18. position in Europe²². According to the report, the country of the lowest level of corruption is Denmark (92 points). Greece is perceived as the most corruptive state in Europe (40 points). Comparative analysis assessing the global states for **complying with civil liberties and political rights** is presented by Freedom House on annual basis. In the 2013 report, as in the previous years, Poland was classified as a 'free' country, both in the 'civil liberties; and 'political rights' category with maximum score 1 in 7-point scale.²³ Position of Poland in the ranking determining **economic freedom** and developed by the Heritage Foundation in cooperation with the Wall Street Journal has been improving on annual basis. In 2013, Poland was classified at 57. position from among 177 states with the 'moderately free' output. Within the last 6 years, the position of Poland in the ranking improved by 26 positions, however this score is still far from the optimum outcomes. Output of 66 scores is by 6.4 scores higher comparing to world average, however by 0.6 scores lower from the regional average. The baseline level for 'free economies' is 80 scores. In 2013 it was exceeded by 5 states only, including only one European state - Switzerland (81 scores). The Reporters without Borders organization draws up annual rankings on global **media freedom**. Optimum output in the ranking is '0' score, whereas '100' is the poorest output. In 2013 Poland was classified at 22. position from among 179 states in the world, reaching the score of 13.11. Freedom level of the Polish media was classified as 'satisfactory' near the highest level ('good'), achieved Belgium ranked one position higher. Comparing to 2012 ranking, Poland improved its position by 2 places²⁴. Considering **employee participation rate**, Poland was classified at 19. position from among 27 EU Member states in 2010 ranking, together with Greece, Portugal and Cyprus. In this assessment Poland was specified as a country with restricted rights of employee participation. The highest score in the ranking was achieved by Slovenia, followed by Luxembourg and Holland. The lowest output in the employee participation rate category was recorded by Lithuania, Great Britain and Latvia²⁵.

Analysis of the presented data demonstrates that development level of Poland, however still lower comparing to the EU15, has been continuously improving in recent years. According to the presented data, Poland is the country, which gradually improves its position in most of the rankings on annual basis, reaching

¹⁸ http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020_30&tableSelection=1

¹⁹ http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020_31&tableSelection=1

²⁰ 'Energy policy of Poland by 2030' - Annex to the resolution no. 202/2009 of the Council of Ministers of 10 November, 2009

²¹ http://www.paiz.gov.pl/sektory/odnawialne_zrodla_energii

²² <http://www.transparency.org/country#POL>

²³ <http://www.freedomhouse.org/report/freedom-world/2013/poland>

²⁴ http://en.rsfsf.org/spip.php?page=classement&id_rubrique=1054

²⁵ <http://www.worker-participation.eu/About-WP/European-Participation-Index-EPI>

the EU average. There are no doubts that many outcomes were influenced by received support addressing the cohesion policy scope: both from the EU funds and from 'non-EU' sources. It should be emphasized that detailed determination of impact of support from the EFTA states on change of social and economic condition in Poland is difficult and results from overlapping of several factors - business, economic, social and political, having both direct and indirect impact on forming the country's development.

Data presented above may constitute the basis for taking relevant actions contributing to reducing development disproportions in the country and mitigate the effects of events and processes having a negative impact on its social and economic condition.

2.2 Bilateral relations

Strengthening bilateral cooperation in this edition of the Financial Mechanisms constitutes one of the two general objectives of the Financial Mechanisms, set forth in Article 1.2 of the *Regulations*.

Therefore the donors introduced the instruments to the FM implementation system, aiming at additional support for extending bilateral cooperation between the donor-states and Poland, including:

- Bilateral Cooperation Fund at the national level and Bilateral Cooperation Funds at the programme level;
- Donor Partnership Programmes;
- partner projects - pre-defined and selected under open calls for proposals.

Detailed information on each instrument and implementation progress in 2013 is presented below:

a) **Bilateral Cooperation Fund at the national level**

Allocation for the Bilateral Cooperation Fund at the national level is EUR 2.9 million.

In 2013, the initiatives aiming at strengthening and extending bilateral cooperation were delivered based on the Work Plan approved by the donors in December, 2012. In 2013, 11 events were completed.

Due to the fact that the Financial Mechanism support various areas of living, also bilateral cooperation addresses wide scope of activity. In 2013, bilateral cooperation addressed the following areas: culture, research, justice, counteracting domestic violence and human trafficking, prison system and environment protection. The events in these areas were implemented in the form of study visits, meetings, conferences and workshops.

Key events financed from the Fund at the national level in 2013 include:

- international environmental protection conference *Together for the Environment - EEA and Norway Grants in Poland*. The initiative was organized by the Ministry of Environment on the occasion of parallel international environment fairs POLEKO held in Poznan.
- international conference *Putting victims first*. The initiative was organized by the Ministry of Interior in cooperation with the International Organization for Migration and the Council of Europe.
- nationwide conference *Perpetrator or Victim?* - The organizing party was the Ministry of Labour and Social Policy. The initiative acted as a platform for experience sharing in the area of programmes addressed to domestic violence perpetrators.

In addition, 2013 was the year of study visits aiming at sharing the experiences and good practices between the Polish and donor-states institutions in the following areas:

- coordination of communication systems for public safety services and rescue services in Norway;

- preventing and tackling domestic violence in Norway;
- familiarizing with operation system of culture institution and culture sector management in Iceland;
- performing cognitive programmes and rehabilitation for prisoners in Norwegian and Polish prisons
- operation of the IT systems supporting case management in justice in Poland and Norway.

Another action completed in 2013 was workshops for the Research Programme Operators and the Norwegian partner, aiming at sharing the experiences and good practices in the scope of implementing the said Programmes in different beneficiary states.

To ensure bilateral dimension of the implemented actions, the representatives of donor-states and Council of Europe participated in the events organized in Poland. In addition, part of actions, in particular of study visits, was organized in the Norwegian and Icelandic institutions. In addition, the Polish party organized the study visits in Poland for the representatives of the Norwegian institutions. To ensure visibility and extended knowledge on the support for Poland provided by Norway, Iceland and Lichtenstein, in particular within the initiatives addressed to wider group or recipients, relevant information on support granted from the EEA and Norwegian funds was provided.

Considering the initial stage of the Financial Mechanisms implementation in 2013, also within bilateral relations, setting forth of the scope of cooperation between the Polish partners and donor-states was of significance. However, the flagship initiatives of international nature, accompanied by all-Poland events exceeding the programme framework, contributed to better knowledge and mutual understanding and to increased awareness on the Financial Mechanisms implemented in Poland.

In 2013, the Fund expenditures amounted to app. EUR 0.2 million. The following factors influenced the implementation progress of the Action Plan in 2013:

- prolonging negotiations with the donor-state partners within the Programme, which influenced determination of a final scope of activities within the Bilateral Fund at the national level. This situation made implementation of actions previously planned by the Ministry of Justice hindered and prevented delivery of certain actions;
- intensified activities in the area of Programme launching. With regard to the process of calls for proposals announcement and appraisal of applications, the Ministry of Environment responsible for implementation of three programmes, applied for changing the date of the *Together towards Green Future* (initially planned for 2013) for the 1H 2014. This request was related also with organization of the International Conference parallel to the POLEKO fairs (key event) by the Ministry of Environment. The donor party approved the proposal submitted by the ME;
- withdrawal of the partner at the donor party from implementation of a task consisting in preparation of the 2. part of the guide on the Norwegian culture institutions;
- lower cost of services related to implementation of the event..

Considering the experiences gained in 2013 with regard to late approval of the actions within the Fund by the donor party, which resulted in significant difficulties in securing funds for their implementation in the state budget, the process of identifying the actions for 2013 was commenced in February 2013. However, intensive discussions aiming at establishing the scope of support from the Fund in 2014 have been commenced during the annual meeting in 2013. Final decision on Work Plan approval was provided to the National Focal Point by the donor party in December 2013.

Due to the fact that the decision on approving the Work Plan for 2014 was made as late as in December 2013, to avoid difficulties in securing funds in the state budget repeating in the previous years (budget planning in Poland commences in March), the parties jointly agreed that with reference to the actions

planned for 2015, scope of support should be agreed by the end of March 2014, whereas during the annual meeting the list of initiatives will be officially approved.

Bilateral actions at the national level are complemented by initiatives agreed with the donor party in the bilateral strategies financed from the bilateral funds at the programme level.

b) Bilateral Cooperation Fund at the programme level

Within 14 Programme Agreements performed by the Polish Operators total funds allocated within the Bilateral Cooperation Programme amounted to more than EUR 7.2 million.

In most of the programmes, the Bilateral Cooperation Fund allocated the funds for the following two components:

A - searching for partners for the partners projects along with donors, partnership development, preparation of applications (Article 3.6.1a of the *Regulation*);

B – establishing cooperation network, exchanging knowledge and experience with the units of donor states (Article 3.6.1b of the *Regulations*).

The following initiatives are delivered within the abovementioned components: study visits, seminars and conferences and open call for proposals for searching of partners or exchanging knowledge by delivery of joint actions. The PL04, PL14 and PL15 programmes deliver bilateral cooperation only within component B.

The year 2013 was the first year of application of the abovementioned funds. Programme Operators have planned the major part of bilateral initiatives for the upcoming years of programme implementation. By the end of 2013 the tasks related to reimbursement of funds for the project beneficiaries within component A have been for the most delivered.

Calls for proposals for financing partner actions were carried out for seven programmes (PL03, PL06, PL07, PL08, PL09, PL10 and PL12). Expenditures in all programmes apart from PL07 and PL10 referred to reimbursement of costs for preparatory actions (e.g. partner projects preparation) prior to establishment of partnerships, whereas in the PL07 and PL10 programmes the actions on strengthening of already established partnerships are implemented and referring to joint initiatives within the programme and various visits and meetings. All funds within the PL10 programme is allocated to so called preparatory visits. Two calls for proposals were conducted within this programme - first in 1Q 2013, second commenced in IVQ 2013 to be completed in February 2014.

2013 was the year of numerous meetings, conferences, study visits, workshops with potential beneficiaries, meetings of the Operators in the individual areas (among other research). In addition, an official website was - www.fbr.zdrowie.gov.pl - was launched (for PL07 and PL13), dedicated to beneficiaries and potential beneficiaries of the programme, wishing to establish cooperation with the entities from the donor states and benefit from the support within the BCF and the potential partners from the donor states.

The year 2013 demonstrates that the need for funds within component A is relatively minor. Also a trend to reallocate funds for the actions financed within component A is being observed. Such actions have been already taken in November 2013 for the PL06 programme. At the end of 2013 works on possible changes in this scope with reference to PL09 and PL12 programmes have been under way. It is assumed that all actions with regard to bilateral fund budget at the programme level may be taken upon final deciding of the calls of proposals within the programme and estimating the expenditures within component A.

c) Partner programme/projects

Focus on strengthening bilateral cooperation with donors is reflected in particular by so called partner programmes and promoting partner cooperation at the project level (contest and pre-defined).

There are 8 programmes in Poland being the partner programmes with donors. These were established in cooperation with partner institutions from the donor states, followed by their participation in programme management and implementation as national advisers of the Operators (for the most at the Cooperation Committee forum). Involvement of twin institution from Norway and the remaining donor states ensures that the programmes benefit from the experience of donors in a given sector and consider the specific nature of the partner operation. It is worth to emphasize challenges posed by differences in management systems in Poland and donor states and different specific natures of a given thematic area. Share of competences is set forth in the programme documents, however in most cases the partner obligations cover content-related support of the national Operator in the programme implementation, fostering establishment of partnerships and promoting a given programme in the donor states. Cooperation with the Council of Europe is of similar nature.

In addition, as a matter of principle, the projects within all programmes may be prepared and implemented in cooperation with one or several entities from the donor states, which is one of the most important forms of delivery of the objective of strengthening bilateral relations. Two programmes (PL12 *Norwegian - Polish Research Programme* and PL09 *Promotion of Diversity in Culture and Arts*) co-finance only bilateral cooperation projects, whereas the *Scholarship and Training Fund* such nature is specific to majority of the actions.

Also certain pre-defined projects will be delivered in the partnership with donor state institutions. These will concern for the most systemic issues. The Operator may familiarize with the experience of partner countries authorities and implement proven and innovative solutions.

3 REPORTING ON PROGRAMMES

3.1 Overview of Programme status

There are 17 programmes implemented within the EEA Financial Mechanism and Norwegian Financial Mechanism as well as the Technical Assistance and Bilateral Cooperation Funds at the national level.

The year 2013 was the year of calls for proposals and implementation of the first initiatives holding a decision on co-financing. However, negotiations on terms and conditions of implementation of several programmes and re-allocation of funds have been still under way.

Basic information on all programmes can be found in the Annex 1.

Table - ANNEX 1

In 2013, agreements for four programmes (PL04, PL05, PL08 and PL15) and 9 agreements on programme implementation (for the previously listed and for PL07, PL13, PL14, PL16 and PL17) were signed. As of 31 December, 2013, contracting level of funds within the EEA Financial Mechanism and the Norwegian Financial Mechanism amounted to - **EUR 514 742 500**, i.e. **96.26%** of programme allocation. These figures exclude PL18 *Green Industry Innovation*, for which no programme agreement has been signed by the end of 2013.

The charts below present the status of funds contracting for both programmes and within the EEA Financial Mechanism and the Norwegian Financial Mechanism in total.

Chart 2 Contracting under the Norwegian Fund and the EEA 2009-2014

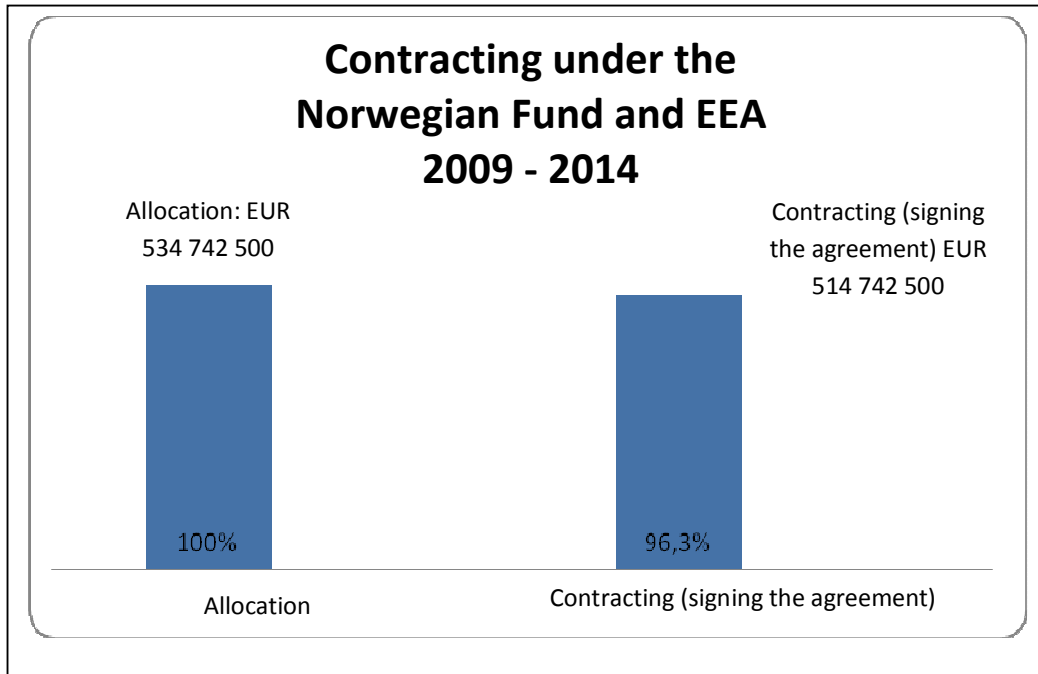


Chart 3 Contracting under the EEA Financial Mechanism 2009-2014

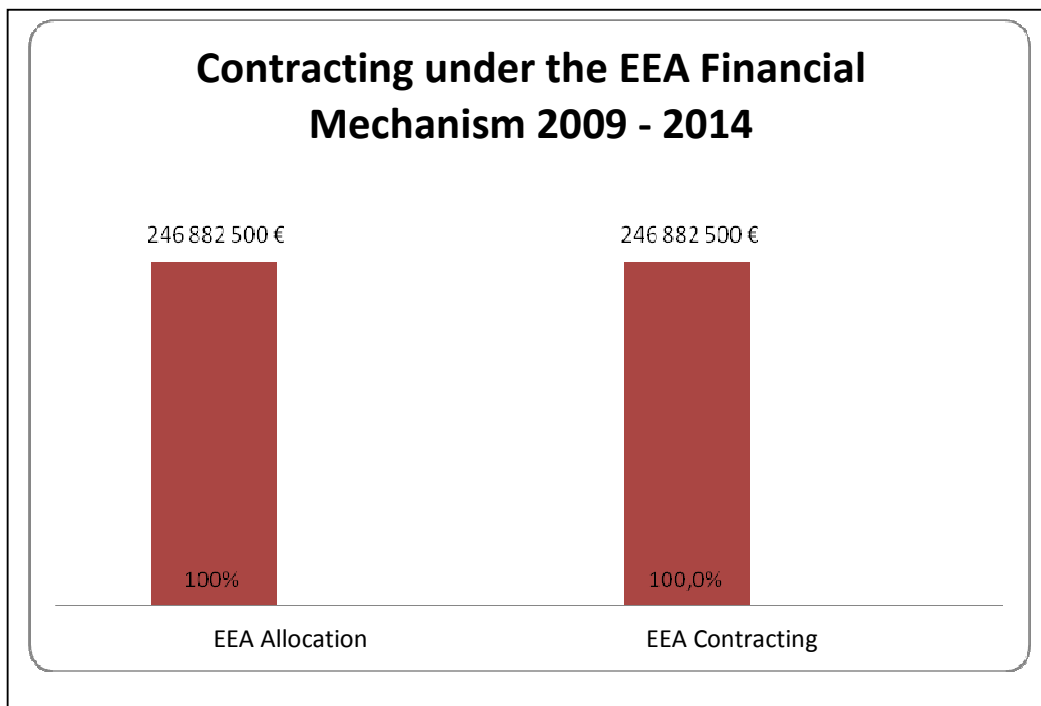
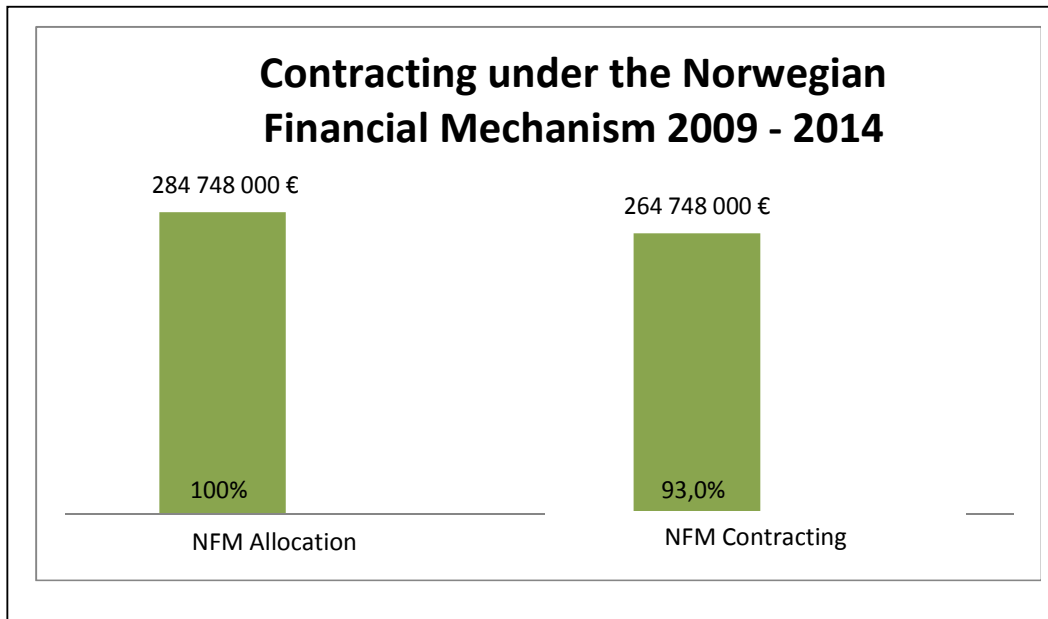


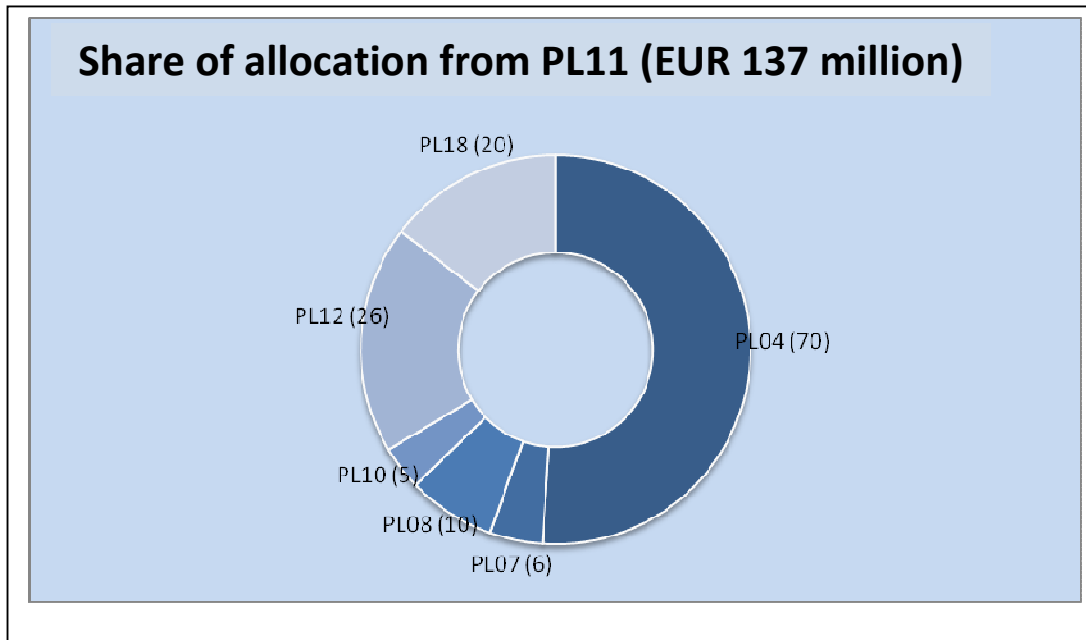
Chart 4 Contracting under the Norwegian Financial Mechanism 2009-2014



Programmes approval enabled commencement of implementation works, including preparation of applications contests.

Works on establishing of the new Programme PL18 *Green Industry Innovation* with a budget (EUR 20 million) gained due to allocation previously intended for the *Programme for supporting the development and widespread use of CCS technology in Poland* (PL11) are at the final stage. At the end of 2012 a risk related to possible failure of non-contracting the funds of EUR 137 million allocated for this programme occurred. In the light of a negative decision of the European Commission on the project submitted for financing within the contest for the NER300 funds, the operator withdrew from the programme implementation. The NFP in cooperation with the FMO has immediately commenced the actions aiming at utilization of funds allocated in the programme in the other initiatives. Negotiations with the donors or re-allocation of these funds were conducted between January and April 2013. Resulting greatest beneficiaries of the agreed re-allocation were PLO4 and PL12 programmes enabling implementation of pro-environmental impacts. The chart below presents share of funds within re-allocation - broken down into the individual programmes and additional allocation (in EUR million).

Chart 5 Share of allocation from PL11 Programme



With regard to additional allocation, the addenda to the said programme agreements were signed. Additional funds were allocated onto the new programme (PL18) managed by Innovation Norway, increasing budgets of already announced calls for proposals and preparation of the new calls for proposals on the initiatives related to reducing carbon dioxide emission to air. Due to, among others, the latter one, pursuant to Article 7.14 paragraph 4 of the *Regulations*, the Financial Mechanism Committee decided on the extension of the PL12 *Norwegian - Polish Research Programme* eligibility period by 30 April, 2017.

The year 2013 was the year of intensive works on preparation, announcement and deciding calls for proposals within the programmes. 16 calls for proposals for the large and small projects were announced and in the case of one contest, announced in 2012, the beneficiaries were allowed to submit the applications by the end of January 2013. Number of completed calls for proposals clearly demonstrates greater dynamics of implementation of Funds in Poland. The chart below presents completed calls for proposals broken down into programmes and time frames.

Table 1 Calls for proposals in 2013

Calls for proposals in 2013											
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
PL12											
	PL06										
		PL10									
			PL07								
			PL03								
			PL10								
		PL02									
				PL09							
					PL08						
					PL04						
					PL14						
								PL05			
									PL12		
									PL15		
										PL05	

At the end of 2013, six calls for proposals (PL06, PL09-2, PL10-MOB, PL12 - core and SGF) were decided. 7 calls for proposals (PL02- core and SGF, PL03, PL05 , PL08, PL10 and PL12 CCS) are at the final stage of appraisal of the submitted applications and by the end of 2013, no meeting of the Project Selection Committee was organized. The other 4 calls for proposals (PL04, PL05 S, PL07 and PL14) were at the stage of formal or substantive appraisal and one call for proposals (PL15) will be completed in 2014.

Considering the number of calls for proposals in 2013 and calls for proposals planned for the upcoming years, it must be stated that the year 2013 posed the greatest challenge for the authorities involved in the programme implementation and demonstrated great effort of the applications - with the total number of 5052 submitted projects.

Table 2 Calls for proposals within the EEA Financial Mechanism and the Norwegian Financial Mechanism

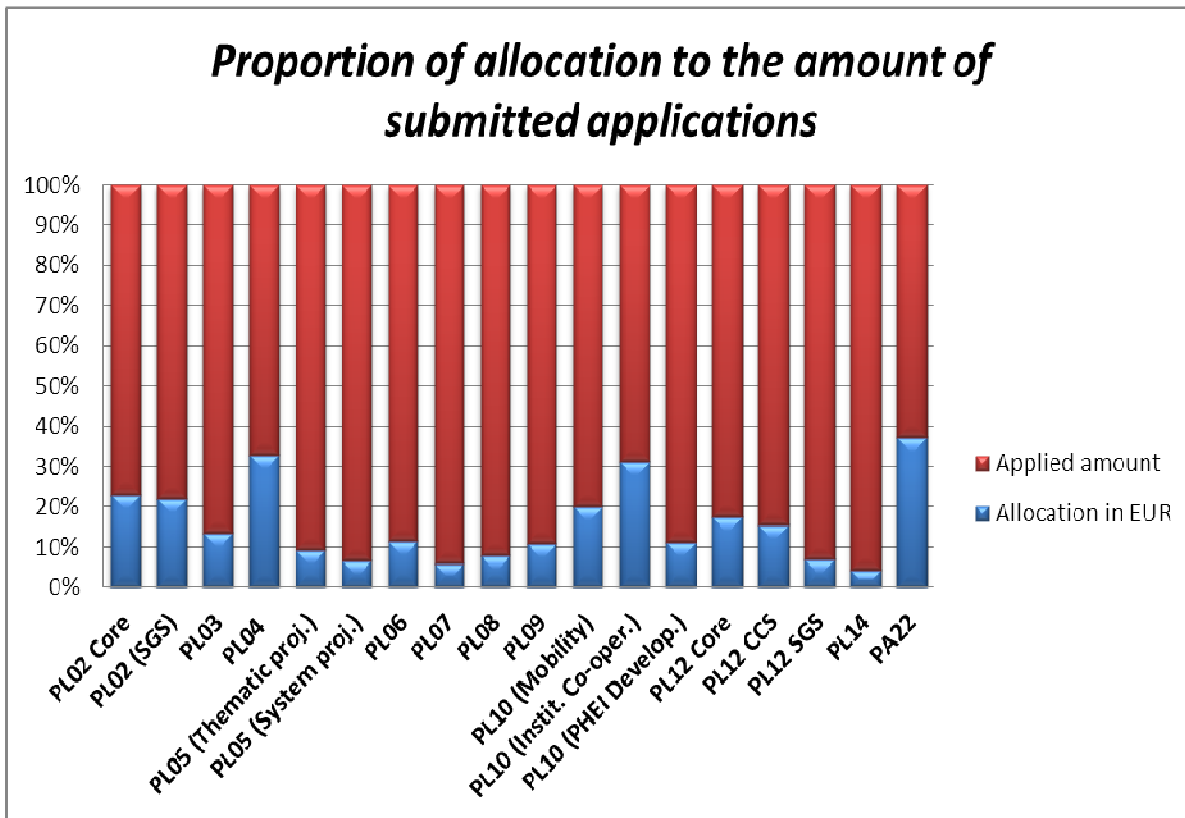
Calls for proposals within the EEA Financial Mechanism and NFM (as of 31.12.2013)										
Programme No.	Programme	Co-financing (EUR)	Calls for proposals for the projects/SGF			Submitted applications		Applications approved by the Committee		
			Call for proposal date	Grant (EUR)	Budget co-financed by OP/state budget (EUR)	Number	Applied amount (EUR)	Date	Number	Co-financing amount (EUR)
PL02	Protection of biological diversity and ecosystems	20 000 000	15.04.2013	13 190 181	13 190 181	103	44 049 099			
			17.06.2013	4 000 000	4 235 294	77	14 006 727			
PL03	Improving environmental monitoring and inspection	15 000 000	18.03.2013 20.05.2013	897 625	897 625	10	5 754 800			
PL04	Saving energy and promoting renewable energy sources	145 000 000	10.06.2013 12.08.2013	67 394 000	67 394 000	242	136 430 633			
			14.07.2013							
PL05	Fund for non-governmental Organisation / Citizens for Democracy	37 000 000	01.09.2013 15.10.2013	9 500 000	9 500 000	1 931	92 645 385			
			11.03.2014 15.04.2014	9 000 000	9 000 000					
			01.03.2014 15.10.2014	8 000 000	8 000 000					
			16.10.2013 15.11.2013	6 200 000	6 200 000	287	84 616 389			
PL06	Urban development by strengthening the competence of self-government units social dialogue and cooperation with civil society representatives	9 544 500	25.01.2013 19.04.2013	6 146 160	7 401 548	85	47 181 937	14.10.2013	15	7 401 548
PL07	Development and better adaption of health care to demographic and epidemiological trends	58 000 000	15.03.2013 28.06.2013	52 545 225	52 545 225	585	801418943*			
PL08	Conservation and Revitalisation of Natural and Cultural Heritage	70 000 000	04.06.2013 30.09.2013	63 616 375	74 842 794	277	740 960 327			
PL09	Promotion of Diversity in Culture and Arts within European Cultural Heritage	10 000 000	15.06.2012 15.10.2012	4 390 000	4 877 778	135	35 418 250	08.02.2013 19.08.2013	26	5 221 173
			15.04.2013 16.08.2013	3 672 092	4 080 102	141	36 887 735	17.12.2013	24	3 986 964
PL10	Scholarship and Training Fund (3 mobility and 2 institutional components)	15 000 000	01.03.2013 30.04.2013	1 614 000	1 793 334	34	6 435 544	14.06.2013	31	1 792 223
			1.2014 2014	1 440 000	1 600 000					
				1 440 000	1 600 000					
			08.04.2013 07.06.2013	1 686 000	1 873 333	46	3 722 885			
			08.04.2013 07.06.2013	2 580 000	2 866 667	139	20 467 620			
PL12	Norwegian - Polish Research Programme	62 830 000	29.09.2012 30.11.2012	32 906 753	38 713 827	269	229 459 974	26.02.2013	48	57 537 357
			additional allocation	16 000 000	18 823 530			14.05.2013	20	
			ccs 13.09.2013 15.11.2013	8 960 000	10 541 176	31	48 385 894			
			01.12.2012 31.01.2013	2 000 000	2 352 941	308	26 855 570	13.05.2013 xx.08.2013	27	2 352 941
PL13	Reducing social inequalities in health	18 000 000	xx.03.2014	13 109 725	15 423 206					
PL14	Counteracting Domestic and Gender-based Violence	3 000 000	28.06.2013 16.09.2013	600 000	600 000	364	13 304 286			
PL15	Schengen Cooperation	10 000 000	30.09.2013 17.01.2014	8 053 751	8 053 751					
(PA22)	Global fund for Decent Work and Tripartite Dialogue	3 112 000	20.10.2011 22.04.2012	3 065 320	3 065 320	20	5 162 322	2012	11	3 065 320
PL18	Green Industry Innovation	20 000 000	xx.03.2014							
TOTAL		476 486 500			369 643 035	5 084	1 591 745 377		202	
Programmes implemented by FMO Planned calls for proposals			* Amount includes application submitted twice. Upon annulment of one version by the applicant, amount of all applications amounts to EUR 799 693 842.							

The experiences gained from the completed calls for proposals demonstrate great interest of the potential beneficiaries in the proposed support, which translated into the number of applications of a total applied amount exceeding, in some cases even several times, allocation available in the call of proposal (and/or programme). This provides the image of the size of needs and effective informational and promotional action of the institutions involved in the mechanisms implementation. Such great number of applications allows for selecting the most valuable projects and simultaneously poses a challenge in the appraisal process.

According to 2013 experiences, application appraisal period lasts app. 6 - 9 months and has an impact on risk assessment of implementation of the projects themselves due to reduced available time for their delivery.

The chart below presents the results of calls of proposals divided into available allocation of funds with regard to the submitted applications. Its analysis states clearly that available allocation will be exhausted.

Chart 6 *Proportion of allocation to the amount of submitted applications*

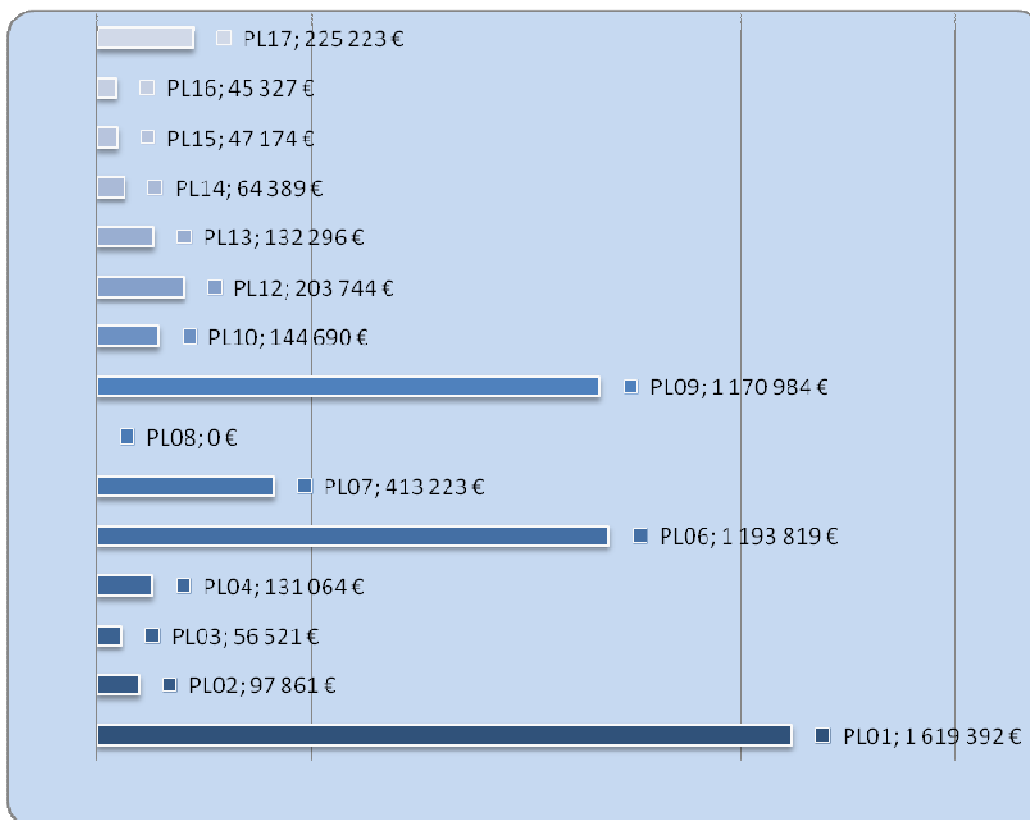


With regard to pre-defined projects constituting a significant component of programmes implemented in Poland, in 2013 there were 20 of the total of 28 pre-defined projects at the implementation stage. The remaining ones were at the preparation or appraisal by the Programme Operators stage. Total pool of funds allocated for pre-defined projects exceeds EUR 117.2 million of grant and as of the end of 2013 - due to initial stage of project implementation - stating, whether it will be exhausted, was impossible.

As of 31 January of the current year, the amount of advance payments/approved for the Programme Operators/funds applied for to the Donors exceeded EUR 82 million, i.e. more than 17% of allocations of programmes implemented by the Polish party. To this moment, the Donors granted funds for the amount of app. EUR 54.44 million. In addition, the Periodic Reports submitted by the Operators approve the expenditures as of 31 August, 2013 amounting to EUR 5.5 million (including EUR 5.1 million from grant).

Disproportion between the amounts of advance payments paid by the donors and expenditures reported by the Programme Operators in the Periodic Financial Reports results from implementation of the Programmes in the advance payment system. The Periodic Financial Reports submitted by the Programme Operators recognize both the expenditures borne in the reporting period preceding the date of payment from the donors as successively settlement of previously acquired advance payments and the applied amounts for the reporting period directly following the date of payment from the donors.

Chart 7 Amount of expenditures approved for the Programme Operators



The highest amount was disbursed within the Technical Assistance Fund along with the Bilateral Cooperation Fund at the national level. Majority of funds was disbursed in PL09 and PL06 programmes, provided that the major part of these funds were amounts provided to the beneficiaries implementing the projects.

Expenditures borne by the Operators within the last four months of 2013 will be available upon approval of the Interim Financial Reports submitted by the Operators by 15 February, 2014. Based on the estimations, the total expenditures by the end of 2013 amounted to app. EUR 23 million (due to the reporting system, the expenditures borne by the operators by the end of 2013 have been not approved yet, therefore the indicated

amount of expenditures will be an estimation only). Vast majority of this amount were the advance payments within the PL12 programme for research projects beneficiaries.

3.2 Individual Programme summaries

a) PL02 Protection of biological diversity and ecosystems

The PL02 programme has been currently at the implementation stage. It is delivered according to the schedule.

The PL02 Programme in 2013 included calls of proposals, both for core call of proposals and within the Small Grants Fund. In the 1Q 2014 the meeting of the Project Selection Committee is being scheduled, in the course of which final list of co-financed projects will be approved. In the core call for proposals, the applications were submitted within all 4 programme outputs, whereas within the Small Grants Fund only within output 4. Breakdown of 180 submitted applications by outputs is presented below:

Output:		Number of submitted applications:	
		Core call for proposals	Small Grants Fund
1	Better Natura 2000 sites management and monitoring effectiveness	21	not applicable
2	Greater resistance of indigenous ecosystems to pressure of invasive alien species	8	not applicable
3	Increased social awareness on biodiversity and education in this area accompanied by climate changes and economic value of the ecosystems (including pre-defined project)	43	not applicable
4	Increased ecological potential of the NGOs to promote biodiversity (including Small Grants Fund)	31	77

According to current analysis of the submitted applications, there is a risk of failure to deliver target value of the outcome 1 (Increased capacity for effective management and monitoring of Natura 2000 sites) and related risk of utilizing of only half of allocation assumed for this result. Proposals of remedial actions in this field will be prepared upon considering of situation in the remaining results and decisions of the Project Selection Committee. Total allocation for open call of proposals will be certainly exhausted, however possible changes in the area of share of allocation between the results are planned for 2014.

In IH 2013, implementation of pre-defined project was launched. Project beneficiary commenced preparation of materials for the purposes of educational campaign. In addition, to establish closer bilateral cooperation, a study visit to Norway was held on 15 - 18 October, 2013.

Programme outputs refer among others to nationwide social and educational campaign to be carried out within the pre-defined project. It is estimated that the first effects of campaign will be noticeable in 2014. The remaining programme outputs will be delivered successively upon launching of project implementation - planned signing of the project agreements will take place in IH 2014.

Despite insignificant delays in programme implementation, referring for the most to longer appraisal of the submitted applications than expected, the identified risk related to implementation deadline of the projects, actions of which depend on seasonal and natural conditions. 2-years long period of project implementation (H 2014 - H 2016) is of the key importance for nature-related actions and therefore the schedules of the individual projects should be strictly complied with.

By way of consultations with the Norwegian Minister of Climate and Environment, the *Strategy for Bilateral Cooperation Fund* was drawn-up. Thus the condition set forth in Clause 2.1.8, Annex I to the Programme Agreement was met. Any and all bilateral actions and initiatives to be organized within this strategy, will be launched not earlier than in 2014 due to involvement of the Programme Operator in preparation, carrying-out and deciding the calls of proposals.

b) PL03 Improving environmental monitoring and inspection

The PL03 programme consisting in two components - pre-defined projects and projects selected in the open call for proposals - has been currently at the implementation stage.

In the first half-year, four pre-defined projects were subject to appraisal and agreements on their implementation were signed. Insignificant delays against the schedule, related to extending process of call of proposals deciding, were identified.

In March 2013, the Programme Operator announced the contest for the projects aiming at improving environmental monitoring, within which 10 applications for the amount exceeding the available allocation five times were submitted. These applications were appraised from the formal and merit perspective. Decision on co-financing will be made in the 1Q 2014, for which the subsequent meeting of the Project Selection Committee has been scheduled. No risk of failure to utilization the available funds was identified.

Pursuant to the developed Framework Strategy for the Bilateral Cooperation Fund, bilateral actions are divided into 3 components: implemented by the Programme Operator, beneficiaries of pre-defined projects and beneficiaries of the contest projects. The Programme Partner (KLIF, since 1 July, 2013 - Norwegian Environment Protection Agency) participated in the process of contest document preparation, appraisal and programme implementation. The meeting of the Cooperation Committee during which the Polish and Norwegian parties summarized the bilateral actions for 2013 and agreed Work Plan for 2014 was held in December.

In 2013 pre-defined projects implemented in the partnership with the Norwegian partners has been continued. Bilateral actions were launched in the project completed by the Head Office of Geodesy and Cartography in partnership with Kartverket. In the remaining pre-defined projects, bilateral actions will be implemented in the upcoming years.

At the moment, no risk of failure to deliver the expected programme outputs has been identified.

c) PL04 Saving energy and promoting renewable energy sources

The PL04 programme has been at the implementation stage. The assumed schedule requires updating.

In 2013, an open call for proposals for the projects of modernization or replacement of the existing heat sources using RES was conducted. 242 applications were submitted, total co-financing amount of which exceeded allocation twice. Formal appraisal of the submitted applications has been performed by the end of 2013. Deciding of the contest is planned for 1H 2014.

At the programme preparation stage, the Programme Operator identified the risk of insufficient number of submitted applications comparing to available funds. It may be undoubtedly stated that the risk did not occur - value of submitted applications exceeds the value of available allocation by 100%. At the same time the risk of shortened time of programme duration (conditioned by the duration of negotiation process between the donors and the Polish party) having direct impact on the project implementation period was confirmed. At present, current 2-year long implementation period of the initiatives delivered within PL04 (2014-2016) poses a challenge to the beneficiaries and considers no time reserves in the case of possible delays of the investment process.

Amending the provisions on public aid obliges the Programme Operator to sign the agreements with beneficiaries by the end of June 2014. Therefore, in 2014 there will be a risk of limited time for agreeing co-financing conditions and entering into financial agreements present.

Within the output 'Increased social awareness and education in the area of energy efficiency' in 2013, the pre-defined project was appraised and agreement on its implementation was signed. In the reporting period, production and broadcasting of TV spot encouraging to save the energy took place. Thematic conference was organized in October 2013.

In result of increasing the programme allocation by additional EUR 70 million, the programme gained additional output related to pollutants reduction, including carbon dioxide. In addition, implementation of pre-defined projects was agreed with the donors within the following output: Reducing waste production and emission of pollutants to air, water and soil. 28 projects initially selected under the contest organized within the Operational Programme Infrastructure and Environment were indicated for co-financing. In the reporting period, documentation of 25 projects, applicants of which confirmed their readiness of implementation and commenced preparations to sign the agreements, was verified.

Savings generated due to resignation of three beneficiaries and updating data for the remaining projects will be utilized under open call for proposals, announced of which is scheduled for the beginning of 2014. Call for proposals documentation have been prepared and provided for approval of the donors at the end of the year.

In March 2013, within cooperation with the Norwegian Water Resources and Energy Directorate (NVE), the strategy for Bilateral Cooperation Fund was agreed. The document was approved by the donors. The strategy assumes the delivery of single pre-defined partner project implemented by the Warsaw University of Technology and the Norwegian University of Science and Technology (NTNU) and concerning the buildings of zero-energy consumption (reference projects).

With regard to increase of available allocation and in consequence of amount allocated to the Bilateral Cooperation Fund, the documents regulating the nature and details of cooperation between the partners required updating and re-agreeing. The Polish party proposed extending of bilateral strategy with the output: Reducing waste production and emission of pollutants to air, water and soil. Draft amended documents - of bilateral strategy and partnership agreement - were drawn-up and provided in the reporting period to the NVE and Financial Mechanisms Office. The Programme Operator intended to launch the first actions within the said cooperation at the beginning of 2014. Unfortunately, due to extending process of agreeing the documents, these actions will be delayed.

The PL04 programme, due to complicated and amending legal context, requires maximum efforts of the involved institutions and on-going monitoring.

d) PL06 Urban development by strengthening the competence of self-government units social dialogue and cooperation with civil society representatives

The PL06 programme has been currently at the advanced implementation stage. It is delivered according to the schedule.

In January, 2013 an open call for proposals for the territorial self-government units was announced, within which 85 applications dedicated to preparation of integrated development strategies and operating plans were submitted. On the basis of the performed appraisal upon completion of the appeal procedure, in October 2013 it was decided to co-finance 15 projects. Beneficiaries and their partners participated in informational and promotional campaign held in December.

Within the pre-defined project delivered by the Polish Cities Association - 49 partnerships were assisted in preparing the applications.

The programme is being delivered according to the schedule. Due to the necessary verification of partnership agreements, minor delays were identified at the stage of signing the agreements with final beneficiaries - to be signed in the 1Q 2014.

With regard to the expected output, considering programme assumptions, positive impacts of building the competences for inter-self-governmental and intra-sectoral cooperation as the tools of local and regional development at the stage of pre-defined project implementation may be pointed out. Self-government units participating in the contest, in particular in urban areas, commenced cooperation to foster social and economic development. At the moment, there are no opportunities to verify implementation progress based on the individual outcomes. It should be stated, that most of them will be finally assessed at the end of Programme implementation.

Within bilateral strategy agreed with the donor party, providing funds for the beneficiaries within reimbursement of costs for partner projects preparation has been planned. At the end of 2013 significant savings in this scope were identified. Consent of the donors for re-allocation of funds from component A to the actions delivered directly by the Operator (component B). The planned bilateral actions will be complementary with a number of initiatives planned for implementation in 2014 from the bilateral fund at the national level.

Summarizing the year 2013, it should be noted that the Regional Programme has a significant impact on establishment and strengthening of partners of the territorial self-government units (among others by preparation and implementation of integrated development strategies for rural areas), assisted by the civil society representatives, which in turn is of significance for social and economic development of given regions, in particular in context of joint raising of funds from the EU funds within the new financial perspective 2014-2020.

e) PL07 Development and better adaption of health care to demographic and epidemiological trends

The PL07 programme has been currently at the implementation stage. The assumed schedule required updating.

In March 2013, the call for proposals for projects dedicated to health care improvement was announced. It gained wide response, proved by 585 submitted projects. At the end of 2013, thematic appraisal of the submitted project was under way. Deciding the contest is scheduled for the 1H 2014.

Due to re-allocation of funds from PL11 programme, allocation to the PL07 programme was increased by EUR 6 million, allowing for co-financing of greater number of initiatives (additional funds amount to 10.5% of budget available to the beneficiaries).

Throughout the entire 2013 the Programme Operator has conducted intensive informational and promotional actions. Beneficiaries of core call for proposals and BCF could benefit from dedicated website www.fbr.zdrowie.gov.pl (also applicable for PL13 programme), information point, conferences, trainings or publications.

The programme has been implemented with delays comparing to the schedule, which resulted from time-consuming project appraisal process. Risk of delays in the delivery of investment was identified for the Programme and resulting from extended in time public procurement proceeding, weather conditions and changing market conditions. These determinants will be monitored on the on-going basis.

Within the Bilateral Cooperation Fund at the programme level, in the 1H 2013 the first call for proposals for bilateral initiatives was announced. 5 applications were submitted, 3 of which were subject to appraisal (to be completed in 2014). Calls for proposals are scheduled on regular and annual basis - until the allocation is exhausted. With regard to the Programme Operator activities, due to involvement in the call for proposals process, bilateral initiatives are planned for the upcoming years of the programme implementation (also in cooperation with the PL13 Programme Partner).

f) PL08 Conservation and Revitalisation of Cultural Heritage

The PL08 programme has been at the implementation stage. The assumed schedule required updating.

Programme implementation commenced in May 2013. Due to the fact that the programme consists in contest projects and one pre-defined project, works on organization of the open call for proposals and on the concept of pre-defined project have been conducted simultaneously.

In result of re-allocation of funds from the PL11 programme, allocation on the PL08 programme was increased by EUR 10 million, allowing for co-financing of greater number of initiatives within the open call for proposals (additional EUR 7 million) and a new pre-defined project.

In the last 4 months call of proposals, 277 applications for co-financing the projects in the field of cultural heritage protection were submitted. Within bilateral actions, the Programme Operator, in cooperation with the Norwegian Directorate of Cultural Heritage, organized workshops for the potential beneficiaries aiming among others at supporting the establishment with the donor-state entities. Two trainings and two open days for the potential applicants were conducted. Thematic appraisal was performed by the end of the year. In 2014, the Operator intends to complete the project appraisal and selection procedure and thus distribute the entire available allocation.

In December 2013, the donors approved the concept of *Jewish Cultural Heritage* pre-defined project financed within additional allocation from the PL11 programme. Upon a number of arrangements between the project partners, i.e. Museum of the History of Polish Jews and the Norwegian Center for Studies of Holocaust and Religious Minorities, the financial agreement on project implementation was signed.

With a view to early stage of project implementation, no outcomes declared in the programme have been achieved yet, however both organization of the open calls for proposals and signing the agreement on implementation of pre-defined project had a positive impact on the delivery of the expected programme output i.e. common access to cultural heritage.

Within the actions planned for implementation from the Bilateral Cooperation Fund at the programme level the following were completed by the end of 2013:

- in parallel to core call for proposals, the call for proposals on reimbursement of costs of establishing partnerships and preparation of application documents (component A) was announced. Call for proposals for co-financing of the actions related to establishing cooperation, exchange, sharing and transfer of knowledge, technologies, experiences and good practices between the beneficiaries and units from the donor states will be announced in the course of project implementation and will last upon the exhaustion of the available allocation;
- in November 2013 a financial agreement with the National Heritage Institute on the project entitled *DoM - Dziedzictwo Obok Mnie (HOME - Heritage near me)* was concluded. The values of cultural heritage for local communities were delivered with the Norwegian Directorate for Cultural Heritage within component B of the Bilateral Cooperation Fund.

Basic risk related to programme implementation is tight time frame for projects implementation. With regard to time-consuming negotiations on the programme agreement and programme terms and conditions, considering deadline for costs eligibility for the projects i.e. April 2016, upon selection of the projects and signing the agreements with the beneficiaries, time remained for the projects implementation will not exceed two years. In the case of large investment projects, consisting in the cultural heritage protection projects, this period may be insufficient. Feasibility of the investments in the estimated time period shall be appraised and verified at the stage of selection of projects to be supported by the operator.

g) PL09 Promotion of Diversity in Culture and Arts within European Cultural Heritage

The PL09 has been currently at the advanced implementation stage.

The year 2013 was the year of intensive implementation of this the most advanced programme. Project Selection Committee decided on co-financing of 24 projects selected within the call for proposals announced in the previous year, of which 1, due to resignation of the beneficiary was not delivered. Due to appeal procedure the grant was received by 3 additional projects. In result - within 1st call for proposals - 26 financial agreements for the implementation of cultural and artistic cooperation projects delivered with 60 partner institutions from Norway, Island and Lichtenstein were signed. According to the approved schedules, 24 have been currently under way and 2 will be launched in 2014.

In the reporting period, the Programme Operator prepared and carried out the second call for proposals. In December, 2013, the Project Selection Committee decided on co-financing another 24 projects. Not allocated amount will be granted to a project/projects upon completion of the appeal procedure, i.e. in the 1H 2014. At the same time the process of signing the financial agreements will be completed and the Programme Operator will share the entire amount dedicated to delivery of the expected output - presenting culture and art to wide audience - among the beneficiaries implementing the projects.

Call for proposals	Applications			Signed co-financing agreements
	Submitted:	Grant received:		
		Large	Small	
I	135	12	14	26
II	141	12	12	0

The Operator organized a training from settling the applications for the beneficiaries of the first call for proposals as well as two trainings, open days and 'matchmaking' workshops for the second call for proposals applications. Establishing contacts and programme promotion were also fostered by the study visit to Iceland, in the course of which the Programme Operator representatives held a meeting with 12 institutions - potential project partners. Establishing project partnerships is also fostered by programme-oriented institutions base available at the official programme website www.eog2016.mkidn.gov.pl.

The programme has been delivered according to the schedule. By the end of 2013 the following outcomes were achieved:

	Outcome	Value	
		2013	Target
Output: Presenting culture and art. to wide audience	Number of cultural and artistic events	142	100
	Number of agreements made within the partner projects	60	20
	Number of institutions in which cultural and artistic events were performed	39	40
	Audience of cultural and artistic events	41 838	140 800
	Number of people involved in creating intercultural events	439	880
	Number of completed intercultural events	0	20

Output	Outcome	Value	
		As of the end of 2013	Target
Cultural and artistic education projects	Number of projects	11	3
Cultural heritage projects	Number of projects	14	5
Music and stage performance projects	Number of projects	15	4
Graphic and visual art projects	Number of projects	10	4

The remaining outputs are related to implementation of actions planned in the co-financed projects and will be known upon their completion.

At the moment, no risks related to programme implementation are identified.

Within the bilateral fund, all actions taken in 2013 were agreed with the programme partner - Arts Council Norway - on the on-going basis. Savings within component A have been identified. Re-allocation of part of funds onto component B delivered by the Programme Operator is being analyzed. Most of actions are planned for delivery in the upcoming years of the programme implementation due to involvement of the Operator in call for proposals process in 2013.

h) PL10 Scholarship and Training Fund

The PL10 programme has been currently at the implementation stage.

Application contests for all actions set forth in the agreement and two calls for proposals for the Preparatory Visits executed within the Bilateral Cooperation Fund were announced. The Programme Operator organized meetings and workshops for the potential applicants, provided information on the contests on the official programme website <http://www.fss.org.pl> and in media and via EU programmes (Erasmus and Comenius). In the reported year, the Programme Operator decided to sign 31 agreements for the Mobility of students and university staff projects. 51 projects were delivered within the Preparatory Visits.

Interest of target groups with contests of applications for the fund's actions were wide, which eliminates the risk of low interest of beneficiaries estimated at the programme preparation stage. Thanks to promotional and informational actions carried out by the Programme Operator, majority of applications submitted to the Fund was well-prepared and met both formal and qualitative criteria.

Preparatory Visits financed within the Bilateral Cooperation Fund raised relatively the lowest interest of target groups. At the end of 2013, the Programme Operator announced the second call for proposals for the Visits, which resulted partially from availability of funds not utilized within the first call of proposals and partially from increasing of funds for the Visits related to partial re-allocation of funds dedicated to PL11.

In the reporting period meeting of the outcomes within Output 3 was recorded. The remaining outcomes will be recognized in the upcoming years of programme implementation.

Output 3: Increased mobility of students and university staff between the beneficiary state and Norway	Outcome:	Value	
		2013	Target
	Number of students receiving ECTS points	37	140
	Improving skills/competences of staff benefiting from mobility	24	180

Output:	Outcome	Value	
		2013	Target
Effective promotion of the higher education mobility programme among the institutions and beneficiaries selected within the contest	Number of applications in the area of mobility received by the Programme Operator	42	13
Signed agreements on the mobility of students and university staff/strengthening of the existing agreements	Number of mobile students within the new or existing mobility agreements	140	37

At the moment, no risk in programme implementation and delivery of the assumed outcomes is identified.

i) PL12 Norwegian-Polish Research Programme

The PL12 programme is one of the most advanced programmes aiming at intensification of cooperation in the area of research between Poland and Norway and increasing quality of research and better utilization of research results by means of cooperation between Norway and Poland.

In the reporting period two contests were decided:

	Submitted	Grants received	Agreements signed in 2013
Core call 2012	269	68	59
Small Grants Fund	308	27	27
Total:	577	95	86

Additional allocation in the amount of EUR 26 million from the PL11 programme allowed for co-financing of 20 projects from reserve list for two core call 2012 areas - environment protection and climate change - and

announcement of additional contest for the projects in the area of Carbon Capture and Storage - CCS 2013, within which 31 applications were submitted. Their appraisal will be completed in February 2014.

In 2013, 83 projects were launched. Decision of donors to extend the expenditure eligibility period in the projects by 30 April 2017 will enable full implementation of all already co-financed projects selected in the CCS contest. This is one of key determinants minimizing the risk of failure to keep the deadlines of project implementation.

Outcomes achieved at this implementation stage are presented below:

Output:		Outcome value		Additional information:
		Achieved in 2013	Target	
1	Number of cooperating research institutions within the Programme	142	220	Polish institution was classified with a view to definition of scientific unit provided for in the Act on the rules of financing science i.e. for universities, basic organizational units of the university are counted separately (departments, centers). Each institution (including department, center) was counted once, even if present in several projects. For the Norwegian units, a general number of institutions was counted, without dividing them into the individual organizational units of the universities and research institutes (each institution was counted once, even if present in several projects). When counting all institutions without considering the repetitions, value of outcome is 202. <u>Data from signed agreements within core contest.</u>
2	Number of SMEs involved in R+D and/or innovation	8	20	
	Number of female project managers	53	40	Core Call: 26; Small Grants Fund: 27

The remaining outcomes refer to outputs, which will be delivered at the further stage of projects implementation or even upon their completion.

In the reporting period the Programme Operator organized two large events of informational and promotional nature, aiming at mitigating the risk related to possible difficulties in initiating the cooperation between Polish and Norwegian partners - trainings for the core contest beneficiaries (24 June) and **information day correlated with 'matchmaking' initiative for the potential CCS contest beneficiaries (11 September).**

The Programme Operator cooperates with the partner - Research Council of Norway - on active and on-going basis. The programme is implemented according to the schedule. No significant risks to achievement of the assumed outputs and objectives have been currently identified.

Actions financed from the bilateral fund are agreed with the programme Partner on the on-going basis. In 2013 reimbursement of costs of partner activities for the potential beneficiaries (component A) took place within the fund. With regard to identified savings, re-allocation of part of funds to component B is considered. From the part dedicated to Programme Operator, workshop for research Programme Operators within the NFM and EEA Financial Mechanism was organized. The meeting was attended by the representatives of the Programme Operators from Latvia, Estonia, Romania, Hungary, Czech, Greece and

Poland. Workshop aimed at exchanging experiences and good practices in the area of appraisal and selection of applications for co-financing, project implementation and bilateral actions.

j) PL13 Reducing social inequalities in health

The PL13 programme has been at the initial implementation stage.

Delays against the schedule related to implementation of the pre-defined programme were defined, which has direct impact on announcement of core call for proposals.

In 2013, a pre-defined project was prepared and appraised. The agreement will be signed in January, 2014. Implementation of the pre-defined project will contribute to delivering the output: 'Better management in health care'. The first delivered outputs will be preparation of two models constituting the basis to prepare applications in the core call for proposals.

In 2013, works on documentation to the limited call for proposals for the selected Poviats to be announced in the 1Q 2014, were commenced. The selected projects will contribute to delivery of the output *Preventing on reducing lifestyle diseases morbidity*. The programme outputs will be achieved by implementing the projects.

Postponing the date of announcing the call due to prolonging appraisal of pre-defined project disturbed the project implementation schedule. Thus, the risk of shortening of available time for project deliver occurred in the programme - it is assumed that contest for Poviats will be decided in 2H 2014, which means that the maximum implementation period for the projects will be app. 1.5 year. Impact on this risk on the programme objectives and outputs is significant, in particular in context of complex nature of the initiatives and the fact that the models prepared within the pre-defined project will be further developed on the basis of data from the projects implemented by Poviats.

In addition, due to limited number of self-government units eligible in the call, there is a risk of low interest in the proposed form of support and in consequence failure to utilization the available allocation. Considering the above, the Operator prepared a complex list of 156 Poviats (of 380), which might apply. Beneficiaries of the call and the Bilateral Cooperation Fund may benefit from dedicated website www.fbr.zdrowie.gov.pl (dedicated also to PL07), information point, conferences, trainings or publications.

Two meetings of the Cooperation Committee (in August and December 2013) with the programme partner - Norwegian Directorate of Health - with which all strategic decisions and papers are consulted, were held. Actions financed from the bilateral fund are planned for delivery in the upcoming year of the programme implementation.

k) PL14 Counteracting domestic and gender-based violence

The PL14 programme has been at the implementation stage.

In 2013, the call for proposals within the Small Grants Fund was conducted. Interest in the contest was very high - 192 applications from the territorial self-government units and 172 applications of the NGO for the amount exceeding allocation 22 times were submitted. By the end of 2013 the thematic appraisal of the submitted applications was performed. The meeting of the Project Selection Committee on which the final list of projects recommended for support will be approved is planned on 1Q 2014.

With regard to call for proposals, the Programme Operator has conducted the actions aiming at facilitating establishment of contacts with the potential Norwegian partners for the applicants, also using the official programme website <http://przeciwprzemocy.mpips.gov.pl/>.

In 2013, the Programme Operator appraised all 3 pre-defined projects. At the half 2013 the agreement on implementation of pre-defined projects no. 2 and 3 was signed - thus these projects entered into the implementation stage. By the end of 2013 the negotiations with the Council of Europe on the partnership agreement for the pre-defined project no. 1 have not completed. This situation may pose a significant threat for the project implementation and cause delays in implementing of the planned actions. The arrangements are expected at the beginning of 2014.

In 2013, there was a need to amend the programme agreement due to specific nature of cooperation with the Council of Europe. Adjustment of the partners - Ministry of Labour and Social Policy and Council of Europe - their mutual rights and obligations related to defining the actions, budget and settlement method, poses a significant challenge for the effectiveness of pre-defined project implementation and thus of the entire programme.

The outputs of PL14 project will be presented upon pre-defined and contest projects implementation. Initial assessment of applications submitted within the SGF identified the risk of failure to achieve the outcomes specified for two programme outputs i.e. number of facilities with established accommodation for the persons suffered from domestic violence and number of facilities with improved accommodation infrastructure. All actions in this scope will be launched by the Programme Operator in 2014 upon completion of the project selection procedure.

In March 2013 the inauguration conference for programme implementation was organized, whereas in October - a conference dedicated to programmes addressed to domestic violence perpetrators. In December, the Programme Operator and beneficiaries of pre-defined projects representatives participated in the study visit, during which they had the opportunity to familiarize with the operation of the Norwegian system for counteracting domestic and gender-based violence.

All amounts within bilateral funds are allocated to study visit organized in cooperation with the Council of Europe. Therefore no amounts from the fund were disbursed in 2013.

I) PL15 Schengen Cooperation and Combating Cross-border and Organised Crime, including Trafficking and Itinerant Criminal Groups

The PL15 programme has been at the implementation stage. The programme schedule required updating.

Considering the fact that the works on preparation of documents for the call for proposals have been conducted in parallel to the works on signing the agreements, the call was announced according to the schedule i.e. at the end of IIIQ 2013. Due to numerous requests of the applications, the deadline for submitting of applications was extended by 17 January, 2014.

A bilingual website dedicated to the programme was developed, acting as information source for the potential beneficiaries. The Operator has also organized a training for the beneficiaries on the principles of applying for funds and project appraisal. Official conference inaugurating the programme implementation was held on 12 December, 2013.

In 2013 the pre-defined projects have been at the implementation stage. Assumptions of the project no. 1 and the manner of its implementation were subject to long-term negotiations with the Council of Europe, acting as the project partner from the donor state. By the end of the reporting period no consensus as to the project form and institutional cooperation framework between the partners was achieved. Project no. 2 was

prepared by the beneficiary and the International Migration Organization - partner in the scope of organization of a conference planned within the project.

Due to initial stage of implementation, no measurable outputs were achieved, and therefore the progress against the achievement of the expected results was not recorded. It should be emphasized that not all outputs planned within the programme were defined - outcomes to be achieved in the pre-defined projects will be indicated only in the project proposals, drawing-up of which will be completed in the upcoming reporting period.

Extending arrangement process on the pre-defined projects may pose a risk to their timely delivery in a limited time frame remaining to the date of expiry of expenditures eligibility for the projects within the NFM. The greatest risk refers to the project assuming partnership with the Council of Europe, in which key issues on both formal and organizational aspects of cooperation between the institutions have been undecided. The described situation may pose a risk of delays in the delivery of the planned project objectives.

In the area of utilizing the bilateral fund measure, no expenditures were born. Despite this fact the actions supporting establishing bilateral relations between Poland and Norway have been conducted. The actions of the Programme Operator within the fund will be carried out in the upcoming years. With regard to the part of fund allocated to beneficiaries, applying for funds was enabled within the core call for proposals. The actions delivered within the bilateral fund are to be carried out as the integral element of the project.

m) PL16 Judicial Capacity-building and Cooperation/Improvement of the efficiency of justice

The PL16 programme has been at the initial implementation stage. The schedule required updating.

In 2013, the appraisal of three of six pre-defined within the programme was completed. The performed actions were focused on public procurement proceedings to select the training providers and administrators. In the remaining three projects prepared in partnership with the donor state institution, no terms and conditions of cooperation with the Norwegian partner have been agreed yet. The National Focal Point participated in the negotiation process by initiating the meetings and monitoring the progress of joint arrangements. Submission of the agreed projects for appraisal is planned for the beginning of 2014.

In 2013 the actions within the programme focused on the appraisal of pre-defined applications, preparing of detailed implementation procedures, including adjustments of already existing procedures to organizational changes in the Operator's institution as well as informational and training activities aiming at the best preparation of the beneficiaries to the projects' implementation.

Bilateral cooperation at the Operator - programme and projects Partner level (Norwegian Courts Administration) focused on information sharing, organization of meetings of the Cooperation Committee and solving on-going problems in the course of partnership agreements negotiations within the projects. The meetings of the Cooperation Committee were held in January and December.

At the moment the following risks related to programme implementation should be considered:

- long-term negotiations on the scope and terms and conditions of cooperation with the Norwegian partner - risk of increasing delay in launching the partners projects, failure to utilization the funds within the expenditures eligibility period and to fully deliver the operational programme outcomes. The risk refers to partner projects prepared jointly with the Norwegian Courts Administration. The solution is intensification of the beneficiaries support by the Operator in the negotiation process, among others by fast deciding of doubts, also in further

- support of the National Focal Point and the FMO as well as cooperation with the NCA at the programme level;
- difficulties with attracting the interest of final project beneficiaries i.e. justice employees, victims and schools, in which the educational meetings are to be conducted. In this case, two elements become of key importance - proper promotion of the implemented actions and proper analysis of actual needs at the initial stage of the projects, to make the projects an answer on factual problems and challenges;
 - changes to IT architecture and technological progress. Due to significant time intervals between preparation of the pre-defined project assumptions and their actual implementation, analysis of project compliance with the actual environment has been commenced. Results of this analysis may in future translate into requesting changes in the scope of certain pre-defined projects.

In 2013, no actions within the Bilateral Cooperation Fund at the programme level were launched, however the new procedure of granting support from this fund at the programme level was approved. The Operator has also carried out the actions informing and encouraging the beneficiaries (also of the projects not implemented within the partnership) on the opportunities and conditions of granting funds from the BCF. Upon launching of the Fund in 2014, the applications on reimbursement of expenditures borne on preparation of partner applications will be decided at first (costs of meetings with the Norwegian experts).

Due to delays and in result initial stage of the programme implementation, no progresses in delivering of the declared programme outcomes were recorded. The issues of concern identified at the initial stage of the programme implementation caused delays in launching programme implementation, due to which a significant risk related to timely completion of the projected actions and programme outcomes delivery was identified.

n) PL17 Correctional Services including Noncustodial Sanction

The PL17 programme has been at the implementation stage. The programme schedule required updating.

The process of pre-defined projects appraisal was completed on 28 June, 2013 with a positive decision for all seven projects planned for implementation, provided that Project no. 7 was recommended conditionally.

Delivery of six of seven pre-defined projects was commenced at the end of June 2013, i.e. with quarterly delay comparing to the assumptions included in the programme proposal. With regard to project no. 7, by the end of 2013 the arrangements on terms and conditions, on which the project was recommended for support were under way. A necessity of implementing changes to the project both on project delivery formula (resignation from national partnership for commissioning the services) and resignation from the research module within the project occurred. Due to the fact that these changes influence the provisions of the programme agreement, these require approval of the state donors. Applicable request on making the changes to the programme will be submitted to the FMO at the beginning of 2014. A positive decision of donor-states in this area is a condition for approving the project for implementation.

Outcomes delivered at this implementation stage are presented in the table below:

Result: Increased competences of the prisoners and Correctional services staff			
Output	Outcome	Outcome value	
		By the end of 2013	Target
Trainings of the Correctional Services	Number of certificates /	1202	3400

increasing their professional skills to ensure proper level of imprisonment pursuant to the international human rights principles (Project 2)	diplomas confirming completion of courses / training programmes / post-graduate studies for the staff		
Trainings of the Correctional Services staff focused on increasing skills of proper performance of duties according to the European Standards (Project 3)	Number of certificates / diplomas confirming completion of courses / training programmes / post-graduate studies for the staff	186	1680
Trainings of Correctional Services staff in the area of actions improving safety in prisons (Project 4)	Number of certificates / diplomas confirming completion of courses / training programmes for the staff	1847	3940
Courses, trainings, post-graduate studies aiming at improving knowledge in the area of training systems development and management in line with the European standards (Project 6)	Number of certificates / diplomas confirming completion of courses / training programmes / post-graduate studies for the staff	786	6300

The programme outcomes delivered by the end of 2013 have a positive impact on achievement of the main programme output i.e. Increased competences of the prisoners and of the Correctional Services.

Risks identified in the programme result from:

- delays in approving the Project no. 7 and necessary introduction of changes requiring decisions of the donors;
- due to increase of unit prices of trainings, courses, post-graduate studies or equipment necessary for programme delivery. Monitoring of changes at the service and equipment market is assumed and, depending on the current conditions, taking the actions aiming at purchase of less expensive products and services meeting qualitative criteria, to enable delivery of the outcomes assumed in the programme.

The programme is implemented in close cooperation with the program partner from donor states - the Norwegian Correctional Services, whereas the key tool of cooperation is the Cooperation Committee. In addition, the conference and thematic seminary and 5 study visits to Norway were organized. The Programme Operator hosted in Poland two Norwegian delegations.

* * *

Within allocation granted to Poland, three programmes managed by the donor party have been implemented. Pursuant to Article 5.13.5 of the *Regulations*, in the case in which the programme is managed by the FMO or entity from the donor-states, the member state is not responsible for its implementation.

The PL05 Programme - Fund for non-governmental organizations is implemented by the Financial Mechanisms Office by the agency of the Stefan Batory Foundation. In June 2013 the agreement on the Citizens for democracy programme implementation was signed and its gala inauguration was held. In the 2H

2013, the first (of three planned) call for proposals for thematic projects and call for system projects was launched. In both competitions, the applied amount exceeded the available allocation more than 10 and 14 times, respectively. According to the adopted standards, the first appraisal of applications aimed at selecting the initiatives, which were invited to the second stage of the contest.

Call for proposals:	Number of applications		
	submitted:	qualified to the 2nd stage:	co-financed:
thematic (I)	1931	351	No data
systemic	289	39	No data

In 2013 the decision on establishing the new programme **PL18 Green Industry Innovation** was made, which, utilizing a part of the P11 programme allocation supports development and placing on the market of green technologies and increasing green level of the existing enterprises. In the reporting period, the works on drawing-up programme proposals and contest documentation were under way. The National Focal Point cooperated with the acting Programme Operator - Innovation Norway within the Cooperation Committee established for this purpose. The programme is to be addressed to the SME sector in Poland. The contest is to be announced at the turn of January and February 2014.

Considering a limited time frame remaining for the PL18 programme implementation, there is a need of extending the date of expenditures eligibility for the projects by 30 April, 2017. Prolonging time of deciding this issue poses a risk for programme success in Poland. According to information received from the Operator, the decision on extending the eligibility period is to be made in parallel with approving the programme proposal by the donors.

Implementation of 11 projects co-financed within the **Fund for decent work and tripartite dialogue (programme area no. 22)** manager by the Innovation Norway is ongoing.

4 MANAGEMENT AND IMPLEMENTATION

4.1 Management and control systems

In 2013, intensive works on preparations of the Management and control system descriptions (MCSDs) of the Programme Operators pursuant to the provisions of Article 4.8.2 of the *Regulations* were under way.

Descriptions of the management and control systems were prepared by the Programme Operators and consulted each time with the National Focal Point. Then, pursuant to the provisions of Article 4.8.3, the Audit Authorities performed audit activities. The Audit Authorities, in the opinions and reports on the audits, reported no reservations to the form of the management and control system of the Programme Operators, confirming at the same time, that the above implementation systems are compliant with the *Regulations* and generally accepted accounting principles.

Due to the above, in May 2013 the NFP provided the donor party with the Management and control systems descriptions for the Programmes:

- PL06 *Urban development by strengthening the competence of self-government units social dialogue and cooperation with civil society representatives,*
- PL09 *Promotion of Diversity in Culture and Arts within European Cultural Heritage,*
- PL12 *Norwegian - Polish Research Programme,*

In September 2013, the donor states received further Descriptions for the following Operators:

- Ministry of Environment and the National Environment Protection Fund as the Operators for the Programmes: PL02 *Protection of the biological diversity and ecosystems*, PL03 *Improving environmental monitoring and inspection*, PL04 *Saving energy and promoting renewable energy sources*,
- Ministry of Health, PL07 *Development and better adaptation of health care to demographic and epidemiological trends*, PL13 *Reducing social inequalities in health*,
- Ministry of Labour and Social Policy, PL14 *Counteracting Domestic and Gender-based Violence*,
- Ministry of Justice, PL16 *Judicial Capacity-building and Cooperation/Improvement of the efficiency of justice*,
- Central Board of Prison Service, PL17 *Correctional Services including Noncustodial Sanctions*.

To summarize, by the end of 2013, the FMO received the Management and Control Systems Descriptions for 8 institutions. Deadlines to provide these documents, under Article 4.8. of the *Regulations*, were kept by the NFP.

In 2014, submitting the three last Management and Control Systems Descriptions for the following Programme Operators is planned:

- Foundation for the Development of the Education System, PL10 *Scholarship and Training Fund*,
- Ministry of Culture and National Heritage, PL08 *Conservation and Revitalisation of Cultural and Natural Heritage*,
- Ministry of Interior, PL15 *Schengen Cooperation and Combating Cross-border and Organised Crime, including Trafficking and Itinerant Criminal Groups*.

Upon providing the abovementioned Descriptions to the FMO, the process of establishing the management and control systems for the Financial Mechanisms in Poland will be completed.

The Audit Authority, due to compliance audits performed in the previous year, did not verify operation of these systems. Commencement of audit in this scope is planned for 2014 and since October 2013. The Audit Authority performs preparatory actions to select the sample to be covered by the audit.

4.2 Compliance with EU legislation, national legislation and the MoU

Implementation and management the Norwegian Funds and EEA funds is compliant with the EU law, national law and MoU.

In 2013, there was the need to amend the provisions of the agreements for the said programmes in the scope of 8 programmes. The signed addenda included:

- re-allocation of funds PL11 for the implemented programmes (PL04, PL07, PL10, PL12);
- re-allocation within the programme budget (re-allocation from management costs to programme preparation costs in PL02, PL10 and PL13, re-allocation from management costs for complementary actions in PL14);
- changes to the scope of principles of open calls for proposals - amounts of contest project co-financing in the case of PL14 and the new call for proposals for PL04;
- changes to settlement (advance payment for the Council of Europe in PL14, conditions of costs reimbursement for the project in PL09);
- postponing the dates of announcing the calls (PL10 and PL13).

Considering the initial stage of the programmes implementation, it should be assumed that the amendments to the content of the agreements in the upcoming years of the Mechanisms implementation will be more numerous.

Change of the programme modification procedure initiated by the donors should be mentioned here. According to the new guidelines, the FMO sends the consolidated Agreement by the DoRIS system - considering the implemented modifications with the covering letter describing these changes. Due to requirements of the Polish legislation, in each case of the amendment to the agreement, the NFP conducts the official exchange of correspondence with the donors.

4.3 Irregularities

Until now, no irregularities in the implementation of the Financial Mechanisms 2009-2014 have been identified. No irregularities are reported on regular basis by the Audit Authority. Considering current level of programme implementation, determining the tendency of irregularities risk is impossible, however with a view to the experiences of the financial perspective 2004-2009 risk level is estimated as low. Occurrence of irregularities is included into risk analysis.

4.4 Audit, monitoring, review and evaluation

In 2013 monitoring of implementation of individual programmes was performed for the most based on period reporting and monitoring visits at the Operators. By the end of 2013, the Operators submitted the total of 47 Periodic Financial Reports, of which 35 in 2013. Due to the initial stage of implementation, only 4 Operators were obliged to submit annual reports for 2012.

In the reporting year, the National Focal Point performed three system controls at the Programme Operators. The following Programme Operators were subject to verification: PL09, PL10 and PL12. Controls were included in the control plan of the National Focal Point for 2013.

When preparing the control plan of the Programme Operators for 2013, the NFP considered the principle laid down in the Management and Control System Description stating that the control performed at least every two years should cover Programme Operators in the scope of programme implementation compliance and funds disbursement audit. When selecting the Operators for control, date of approval of a given programme by the donors and delivery schedule of the approved programmes were taken into account. Considering the above, in 2013 the NFP decided to perform control of three programmes, for which the programme agreements between the Polish party and donors were concluded at first i.e. in May 2012. The aim of such methodology for selecting the Operators to be controlled was ensuring that the performed controls allow for verification of the programme implementation by the Operator at the possibly most advanced stage.

Control performed at the PL09 programme Operator i.e. in the Ministry of Culture and National Heritage demonstrated it proper implementation. During the control, the programme has been at the initial implementation stage. The Programme Operator completed signing the agreements with the beneficiaries of the 1st call for proposals, carrying out the 2nd call at the same time. The implied recommendations referred only to maintaining by the Operator of due diligence in completing the reporting documents and related appendices and in the scope of Bilateral Cooperation Fund at the national level for preparation and providing access to the procedures indicated in the Programme.

The PL10 programme control (*Scholarship and Training Fund*) did not reveal significant problems in the programme implementation. The NFP stated only minor inadvertence in the area of timeliness, referring to

providing the NFP with the draft announcement on call for proposals for the Mobility of Students and University Staff action, submitting the payment forecasts, referred to in Article 8.5 of the *Regulations* and hard copy of the annual report for 2012. With regard to the above, the provided post-control recommendations referred to the abovementioned issues. In addition, the Controlling Team recommended more detailed specification of the provisions of financial agreements concluded with the beneficiaries in the upcoming call for proposals within the Bilateral Cooperation Fund - Preparatory Visits.

In result of the control performed at the PL12 Programme Operator - National Research and Development Center - at the programme level, it was stated that the Operator meets the obligations set forth in the agreement and the conditions of co-financing. The partnership performs well - no difficulties were reported by the Operator in this scope. No delays in programme implementation were stated. In the light of the decision of the donors on the extension of eligibility period by 30 April, 2017, no problems with timely completion of all assumed actions were identified. Disbursement of funds was lower than planned, however since September 2013 greater intensification of payments for the programme beneficiaries has been observed. Promotional and informational actions have been performed smoothly and in a way meeting the standards specified in the guidelines. Successful cooperation in this area between the thematic unit and promotional unit is being noticed. The Operator monitors the Programme risks on the on-going basis. Large number of applications, exceeding financial capacity within two calls by more than ten times, proved the efficiency of informational and promotional actions taken by the Operator and its partner (Research Council Norway). The Operator organizes the meetings for the applicants and workshops for the beneficiaries dedicated to partnership and implementation and settlement of the programme. The NFP control identified no difficulties in the area of signing the agreements with the beneficiaries and demonstrated that the actions delivered within the Bilateral Cooperation Fund at the programme level are compliant with the actions specified in Annex 2 to the Programme Agreement.

In addition, within the monitoring actions at the programme level, in 2013 two meetings of the Monitoring Committee took place. The Committee aims at ensuring effectiveness of utilization of funds and monitoring of the implementation of the EEA Financial Mechanism for 2009-2014 and of the NFM for 2009-2014.

The first meeting in the reporting year was held on 12 March 2013. In the course of the meeting current information on implementation of the Financial Mechanisms was presented. In addition, during the meeting and in line with the MC tasks, the resolution on positive opinioning of the Strategic Reports for 2012 was made.

The second meeting of the Committee took place on 7 November, 2013, and the meeting was dedicated to familiarizing the members with current status of the FMs implementation. In addition, the meeting of the Committee enabled presentation by the representative of the Central Board of the Prison Service of presentation on the implemented Operational Programme PL17 *Correctional Services including Noncustodial Sanctions* delivered from the NFM 2009-2014 funds.

4.5 Information and publicity

The Communication Strategy approved by the Donors in October 2012 assumes that in 2012 and 2013 the informational and promotional actions were to be focused for the most on informing the society on the opportunity to apply for co-financing. The following were assumed among others:

- informing on launching the second financing edition;
- informing on the offered support opportunities and announcements on calls;
- providing the applicants and beneficiaries with detailed information on opportunities of applying for grants and requirements for the beneficiaries;

- propagation of information on the successful first edition of funds and course thereof;
- strengthening cooperation between the involved institutions.

With regard to the above, the informational and promotional actions of the NFP in 2013 related to continuing of call for proposals for the projects and intensive informing on launching on the II edition of the NFM and EEA FM.

The NFP administered the www.eog.gov.pl website, on which it informed on the on-going basis on current and upcoming dates of calls for proposals. Key information, also from the Programme Operators, was published on the website.

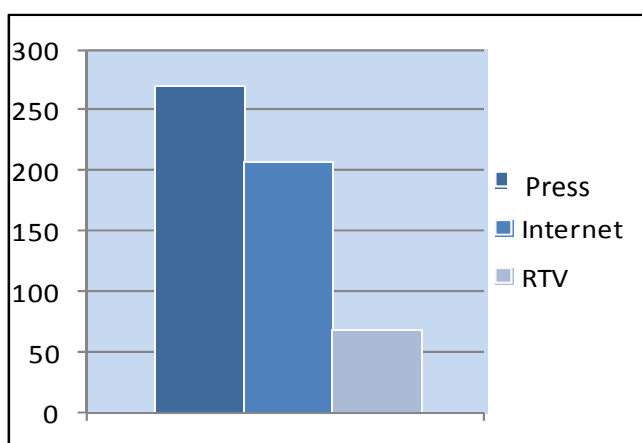
In addition, the NFP managed the call-centre and email box with inquiries from the applicants. These proved high interest in the funds.

The NFM and EEA FM raised interest of media, which published informational materials related to the funds (data from media monitoring performed by MIR between 1.1.2013 and 31.12.2013).

Table 3 Number of information published on the NFM and EEA FM

Medium	Number of information	Percentage share of published information
Press	281	49%
Internet	223	39%
Radio and Television (RTV)	71	12%
Total	575	100%

Chart 8 Number of information published on the NFM and EEA FM broken down by media type



It should be emphasized that in 99% the media provided positive or neutral opinions on the NFM and EEA funds.

The NFP published also the information article in the nationwide daily Rzeczpospolita, describing the 2nd edition and providing the example of already completed projects.

In the 4Q 2013 the training from information and promotion dedicated to the Programme Operators was organized, performed by the professional PR agency. The training aimed at improving skills of the persons involved in funds promotion, among others in the area of promotion strategy planning, selecting proper tools and budget planning.

With reference to Article 4.7(2) of the *Regulations*, The Programme Operators meet their obligations. All Operators introduce the assumptions of the *Communication Plans*, adopted for the programmes and administer programme websites. In 2013, the Operators added new initiatives to the informational and promotional actions. To ensure better targeting the potential beneficiaries, they published announcements on the contests in press and organized trainings for the potential beneficiaries, e.g. seminary supporting establishing of partnerships within the projects (e.g. Ministry of Culture and National Heritage).

4.6 Work plan

The year 2013 was dominated by calls for proposals, whereas 2014 will cover intensive implementation of pre-defined projects and projects selected in the contest mode.

Deciding of thirteen calls for proposals announced in the reporting period in 10 programmes (PL02 –core and SGF, PL03, PL04, PL05-thematic no. 1 and systemic, PL07, PL08, PL10 – Institutional Cooperation and Development of Universities, PL12 CCS, PL14 and PL15). The Programme Operators will sign the agreements on implementation of the co-financed projects, complete the process for the projects with granted decisions on co-financing (PL06, PL09, PL10 and PL12). Additional obligations in this scope are implied on the operators of the partner programmes, assisting the beneficiaries at the stage of drawing-up the partnership agreement, providing explanations and assisting in meeting the requirements of different legal and financial systems.

In addition, 7 competitions within 5 programmes (PL04, PL05 – thematic no. 2 and 3, PL10 – Mobility and Development of Universities, PL13 and PL18) will be announced, most of them should be decided in the next year. Considering wide interest of the applicants in already completed calls, the NFP does not assume the risk of low number of applications in the future calls. In contrary, due to continued informational and promotional activities and the fact that 2014 is the last year of the planned calls (the exception is a call in the PL10 mobility component scheduled for 2015), a growing trend is to be expected.

Pre-defined projects and applicants granted with co-financing, will launch or continue implementation of the scheduled actions. Part of them will be completed, which will be reflected in the programme outcomes.

The year 2014 will include numerous promotional events. Inauguration of the PL13 and PL18 programmes, 'kick-off' meetings and workshops and seminars for the beneficiaries, study visits, including also within bilateral cooperation will take place. Thematic conferences assumed for PL02, PL07 and PL12 are to be emphasized.

To summarize, the year 2014 will demonstrate the first outputs of already implemented projects, bring decisions on the announced contests and involve new beneficiaries to implementation of the objectives of the financial mechanisms.

5 SUMMARY LIST OF ISSUES AND RECOMMENDATIONS

Implementation status of the Financial Mechanisms in Poland in 2013 should be specified as satisfactory. Wide involvement of the institutions implementing the individual programmes translate into intensification of actions related to calls for proposals and allow to state that the plans for 2013 were delivered.

The NFP identified a risk of failure to meet the assumed results for the programmes, in which no contests were decided by the end of 2013. Pursuant to Article 7.14.3 of the *Regulations*, the expenditures are eligible by 30 April, 2016, which means that the potential beneficiaries have less than 2 years for programme delivery. This issue refers to the majority of the programmes and is of a key importance in particular for the investment, environmental or partner projects. With regard to the above, the NFP monitors the described risk within each programme on the on-going basis. One of the remedial actions in this scope is possible applying to the donors for the extension of the project implementation period for a given programme - upon providing the applicable statement of reasons under Article 7.14(4) of the *Regulations*. At the same time, detailed and on-going monitoring by the supervising authorities will be required for tight schedules of individual project implementation starting from 2014.

Due to the extended eligibility period for the projects in the PL12 programme (by the end of April 2017), there is a need to adjust the eligibility deadlines for the programme, resulting from the Programme Operator obligations (currently - end of April 2017). With a view of currently valid provisions of the *Regulations*, delivering the tasks related to programme settlement and final reporting in the defined deadlines is impossible. The NFP will discuss these issues with the donors in 2014.

Considering the fact that the DoRIS system is the key system collecting data on the Financial Mechanisms 2009-2014, used by all institutions involved in the implementation, its full operation and introduction of corrections eliminating minor however misleading discrepancies between the database content and generated documents is of significance (concerning among others discrepancies between the amounts paid by the FMO under DoRIS and the resulting amounts in the PDF version of IFRs generated by the system).

6 ATTACHMENTS TO THE STRATEGIC REPORT

1. List of NFM and EEA FM programmes 2009-2014;
2. Technical Assistance;
3. Staff Financing;
4. Monitoring and Audit Plan for 2014;
5. Risk assessment at the national level;
6. Risk assessment of the programmes.

DoRIS created reports:

1. Applications in country;
- 2.& 3. Projects in partnerships;
4. Programme and country irregularities;
5. Project irregularities in Poland.