Annual report
on the implementation of the Norwegian Financial Mechanism in Poland
in the period from January to December 2009

adopted by the Monitoring Committee for the European Economic Area Financial Mechanism
and the Norwegian Financial Mechanism on 8 March 2010

National Focal Point
Ministry of Regional Development of Poland

Warsaw, February 2009
List of contents

Introduction...................................................................................................................................... 3
1. Summary of the project appraisal and commitment periods...................................................... 3
   1.1 The final result of commitment process ........................................................................ 3
   1.2. The division of committed funds .............................................................................. 6
   1.3 The average value of projects by priority...................................................................... 7
   1.4. Efficiency of the appraisal process .......................................................................... 8
   1.5 Statistics....................................................................................................................... 9
2. Contracting and disbursement status.........................................................................................13
3. Review of the progress in the implementation and monitoring of individual projects and programmes .................................................................................................................... 18
   3.1 The deadline for completion of projects................................................................. 18
   3.2 The advancement stage of projects implementation.................................................. 19
   3.3 Changes in the projects in 2009 .............................................................................. 22
   3.3.1 Savings – special form of introducing changes into projects/programmes............ 26
   3.4 Increasing the effectiveness of the implementation and monitoring process............ 28
   3.5 Completed projects – implementation results ....................................................... 28
4. Block Grants – delivery of the implementation process by the Operators .............................. 31
5. Project implementation controls ............................................................................................... 41
6. Research carried out within the scope of implementing Financial Mechanisms .................... 45
7. Information and publicity.......................................................................................................... 46
8. Implementation plan for the period January – December 2010............................................... 46
9. Summary.................................................................................................................................... 48

ANNEXES
Annex 1. List of implemented projects / programmes / Block Grants along with information on their state and progress in their implementation
Annex 2. Review of information and publicity measures undertaken in 2009
Annex 3. Audit plan for 2010
Introduction

Pursuant to Article 5 of the Memorandum of Understanding on the implementation of the Norwegian Financial Mechanism 2004-2009 the Ministry of Regional Development (MRD), acting as the National Focal Point (NFP) for the implementation of the Norwegian Financial Mechanism (NFM) in Poland, prepared a document *Annual report on the implementation of the Norwegian Financial Mechanism in the period from January to December 2009*. The referenced document was developed in line with the content of the Beneficiary State Reporting and Monitoring Guidelines of 16 January 2008. According to the Guidelines for the preparation of annual meeting of 21 June 2007 it shall be forwarded to the Donor-states before the annual meeting planned for 2010 of representatives of the Polish side with the representatives of the Donor state of the Norwegian Financial Mechanism – the Kingdom of Norway, the Principality of Liechtenstein and the Republic of Iceland. Prior to its submission to the representatives of the Donor states the report requires approval by the Monitoring Committee for the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism.

The document reviews the implementation progress of the Financial Mechanisms in the 2009, as well as presents the activities of institutions involved in the implementation of the Programme planned for the next reporting period: January – December 2010. The report includes: a summary of the assessment and commitment period (which ended on April 30, 2009), the presentation of the contracting and funds disbursement status, the status of the individual projects and programs implementation and monitoring, information about the studies on the Financial Mechanisms implementation, information on the implementation of individual block grants, presentation of undertaken information and publicity activities, as well as plan of the Financial Mechanisms implementation for the next for the period January - December 2010.

Owing to the complementary nature of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism, the Report covers issues common to both these Mechanisms. The statistical data refers to the total allocation for the two Financial Mechanisms.

Appendixes are an integral part of the Report. They present a list of projects/programmes/block grants accepted by the Donors and implemented in 2008 together with the information on implementation status and progress, a list of applications from IIIrd call for proposals accepted by the Polish side and forwarded to Financial Mechanism Office, a review of information and publicity activities undertaken in 2008, as well as the audit plan for 2009.

1. Summary of the project appraisal and commitment periods

1.1 The final result of commitment process

According to Article 2 of Protocol 38a of EEA Enlargement Agreement, the deadline for the commitments under the EEA Financial Mechanism and Norwegian Financial Mechanism was set for 30 April 2009.
During the commitment period, three calls for proposals concerning individual projects and programmes were organised in Poland, during which 2,720 applications were submitted. Poland transferred to the donor countries 457 applications, out of which most by the end of 2008. The last three applications were submitted in the first half of January 2009.

Moreover, given the possibility of re-commitment¹ on 28 January 2009 the National Focal Point (NFP) forwarded to the Financial Mechanism Office (FMO) 15 reserve applications within the field of Cultural heritage, Health and childcare, Academic research and Implementation of Schengen acquis.

NFP suggested using all other funds, not committed for individual projects or programmes, including a part of the amount allocated to the coverage of management costs incurred by the Donors², to increase the budget of the Block Grants – Cultural Exchange Fund and the Polish-Norwegian Research Fund³.

As a result of the above-mentioned activities until the end of April 2009 funds were committed for all additionally submitted individual projects and the allocation for the Cultural Exchange Fund was increased by EUR 5,515,068 (resources increase by 138%) and for the Polish-Norwegian Research Fund by EUR 8,403,939 (resources increase by 65%).

Consequently **100% of the allocation was committed**, i.e. the amount of EUR 528,171,435, for implementation of **413 individual projects and programmes** within the framework of 10 priority sectors and **6 Block Grants**.

The committed resources together with the amount of EUR 5,335,965 designated for the coverage of management costs incurred by the Donor states constitute a total of EUR 533,506,500 awarded to Poland under the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2004-2009 and the Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2004-2009.

Unfortunately, one of the Beneficiaries withdrew from project implementation after the period of resources commitment was completed (project no. PL0388 Improvement of prenatal care of women in Lubliniecki poviat [within the framework of the EEA FM – priority “Health and childcare” – project value: EUR 477,173]).

The percentage rate of individual projects and programmes, which were awarded co-financing, to the number of submitted applications is shaped at the level of 15%. More detailed information is included on the Diagrammes below.

¹ The re-commitment related, *inter alia*, to the resources released under already implemented projects (savings) or emerged as a result of rejecting a project from the basic list or the applicant’s resignation from project implementation, etc. According to the Rules and Procedures on the implementation of the Financial Mechanism the deadline for submitting applications on re-commitment was determined until 31 January 2009.

² By way of the Donors’ decisions of 15 April 2009 a part of the original allocation dedicated to the management on the side of the Donor states (EUR 10 million) in the amount of EUR 4,664,935 million was de-committed and increased the allocation for individual projects and programmes, as well as Block Grants.

³ The NFP also addressed the FMO to extend the period of implementing the Polish-Norwegian Research Fund form April 2011 to the end of April 2012, i.e. for setting the deadline in line with the Rules and Procedures on the implementation of the EEA Financial Mechanism and the Norwegian Financial Mechanism, as well as the deadline applied in the case of the other Block Grant implemented in Poland.
The above data identifies the areas of the most urgent needs of Polish entities, which were exposed during individual calls. The applicants submitted their proposals most willingly under Priority 2.1 *Protection of the environment, including the human environment*, including in particular thermal modernization works in public utility buildings, 2.5 *Health and childcare*, i.e. prevention and health promotion programmes, promotion of healthy lifestyles and the area of child recreation, as well as 2.6 *Academic research*, i.e. research and development enterprises that support science.
1.2. The division of committed funds

The table below presents the final breakdown of the committed amounts along with the numbers of projects implemented\(^4\) within a given priority.

<table>
<thead>
<tr>
<th>Priority</th>
<th>Committed funds [in EUR]</th>
<th>Number of projects under implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Protection of the environment, including the human environment</td>
<td>91,568,070</td>
</tr>
<tr>
<td>2.2</td>
<td>Promotion of sustainable development</td>
<td>12,514,804</td>
</tr>
<tr>
<td>2.3</td>
<td>Conservation of European heritage</td>
<td>87,764,623</td>
</tr>
<tr>
<td>2.4</td>
<td>Human resources development</td>
<td>27,117,223</td>
</tr>
<tr>
<td>2.5</td>
<td>Health and childcare</td>
<td>59,946,877</td>
</tr>
<tr>
<td>2.6</td>
<td>Academic research</td>
<td>22,389,354</td>
</tr>
<tr>
<td>2.7</td>
<td>Implementation of Schengen acquis</td>
<td>112,343,823</td>
</tr>
<tr>
<td>2.8</td>
<td>Environmental protection, i.a. with emphasis on strengthening the administrative capacity</td>
<td>8,091,123</td>
</tr>
<tr>
<td>2.9</td>
<td>Regional policy and cross-border activities</td>
<td>14,708,185</td>
</tr>
<tr>
<td>2.10</td>
<td>Technical assistance relating to implementation of acquis communautaire</td>
<td>2,470,898</td>
</tr>
<tr>
<td><strong>Total – projects and programmes</strong></td>
<td><strong>438,914,980</strong></td>
<td><strong>413</strong></td>
</tr>
</tbody>
</table>

Polish-Norwegian Research Fund | 21,403,939 | 1 |
Fund for non-governmental organisations | 37,350,000 | 3 |
Cultural Exchange Fund | 9,515,068 | 1 |
Scholarship and Training Fund | 12,005,195 | 1 |
Technical Assistance Fund | 7,158,382 | 1 |
Seed Money Fund | 1,823,871 | 1 |
**Block grants** | **89,256,455** | **8** |
**TOTAL – PROJECTS AND GRANTS** | **528,171,435** | **419** |

As seen above, the most significant support, as regards the total amount of co-financing, was granted to projects under priority 2.7 Implementation of Schengen acquis - over EUR 112 million, priority 2.1 Protection of the environment, including the human environment - over EUR 91 million and to priority 2.3 Conservation of European cultural heritage - almost EUR 88 million. Projects committed within above priorities are the largest and most expensive investment projects under the overall Operational Program.

As regards the number of co-financed projects, at first place are 124 investment projects within the scope of environmental protection, at the second – 76 projects on health and childcare, and at the third – 42 projects on scientific research.

---

\(^4\) Number of projects in the table and the data in the charts in this part of the Report reflect the state of the commitment status as of 30 April 2009 and, therefore, take into account also the project PL0388 (priority 2.5).
The diagram below illustrates the percentage division of committed funds.

![Diagram showing the percentage division of committed funds](image)

1.3 The average value of projects by priority

The average value of projects (including the beneficiary contribution) implemented under the Financial Mechanisms is about EUR 1.4 million. Under the area 2.7 Implementation of Schengen acquis, the projects implemented are of highest value, i.e. almost EUR 4.8 million. The second position is occupied by cultural projects; however it should be underlined that priority 2.3 Conservation of European Cultural Heritage was the only area, in which the minimum amount of co-financing was set at the level of EUR 1 million and not EUR 250 thousand. Within the remaining areas, the average value of implemented projects does not exceed EUR 1 million. Details are provided in the diagram below.

![The average project value by priority](image)
1.4. Efficiency of the appraisal process

It would be worthwhile to note the efficiency of the performed appraisal process. The Diagramme below presents approved, rejected and withdrawn projects in relation to all projects forwarded to the Donors.

**Ratio of projects rejected and withdrawn versus approved**

- Approved (413)
- Rejected (21)
- Withdrawn/ resignation (23)

From all (i.e. 457) applications sent to the Financial Mechanism Office only 21 applications were rejected by the Donors. Twenty four projects will not be implemented (together with project no. PL0388) due to Beneficiary’s resignation (e.g. because of reduction of the grant amount) or project’s withdrawal. A slight percent of the rejected projects provides for the high quality of both the submitted projects, as well as the quality and correctness of the appraisal performed by the Polish side (Intermediate Bodies, Auxiliary Institutions, National Focal Point). It also provides for efficient operation of the appraisal system existing within the framework of the management system for the EEA Financial Mechanism and the Norwegian Financial Mechanism.

Taking into account the ratio of projects implemented versus those recommended to donors by the Polish side, as divided into priorities, it should be highlighted that in the case of two priorities: 2.3 Conservation of Cultural Heritage and 2.10 Technical assistance relating to implementation of acquis communautaire, all submitted projects were approved. The highest number of projects rejected/ withdrawn was in 2.1 Protection of the environment, including the human environment, because of the fact that the total number of projects was the highest in this area.
1.5 Statistics

a) Geographical distribution of implemented projects

The highest number, i.e. 91 (22%) of projects comes from mazowieckie voivodeship. This is due to the fact that this voivodeship had the best chance to be represented in all priorities due to central projects which could be submitted only from that voivodeship. As a result, in case of following priorities: 2.7 Implementation of Schengen acquis, 2.10 Technical assistance relating to implementation of acquis communautaire, projects are implemented almost exclusively by the institutions with their seats located in Warsaw. Besides, the units applying from the mazowieckie voivodeship seem to be more experienced and active as regards applying for the funds, than other voivodeship, which is proved by the fact that the same institutions applied for support for several times. The second place is occupied by malopolskie voivodeship (44 projects). Institutions from this voivodeship also have applied for support for several times.

The lowest number of projects originates from opolskie and lubuskie voivodeship (6 projects each).

Nevertheless, it should be stressed that the provided data also concern projects ranging out of a voivodeship, in which the seat of a beneficiary is located.
b) Types of beneficiaries

Of all types of the beneficiaries eligible for support, most projects are implemented by the local self-government units, i.e. almost half of projects. This is because these units were eligible for support under most of Mechanisms’ priority areas. Less (about 7%) projects are implemented by the institutions of central administrations, though their value is significantly higher than in the case of self-government units – in the case of priority 2.7 Implementation of Schengen acquis, the average project value is about EUR 4.8 million, while under priority 2.1 Protection of the environment, where the self-government units have the greatest share, the project value does not exceed EUR 1 million. Moreover, the self-government units, in the similar way as central administration units, could apply for 85% of co-funding of project eligible costs, which could constitute an additional reason for the interest in Financial Mechanisms among these units.
c) Partnerships in projects

Among 413 projects, which were awarded co-financing, 142 projects (34%) are (or were) implemented under a partnerships. Under 87 projects (21%) an institution from the Donor state acts as the partner, 56 projects have a Polish partner, 10 an Ukrainian partner and 3 a Slovakian partner, 2 have a German, Russian, Romanian, Swedish, Hungarian, British partners and in individual projects the partners come from Austria, Belgium, Belarus, France, Spain, Switzerland and Italy.

Partnership projects among projects, which were awarded co-financing

The greatest percentage of partnership projects were submitted under the 3rd call for proposals - 57%. In case of the 1st and 2nd call the partnership projects constitute respectively: 16% and 46%.
The increase in the share of partnership projects observed in successive calls follows primarily from: the popularisation of the Financial Mechanisms on the country scale, greater interest of Beneficiaries in implementation of this type of projects, the possibility of using the experience from the former calls for proposals, as well as the possibilities of scoring additional points for projects submitted under a partnerships with an institution from the Donor states.

The greatest number of partnership projects is implemented under the following priorities: 2.6 Academic research (29), 2.5 Health and childcare (28) and 2.9 Regional policy and cross-border activities (24), while the lowest number of this type of projects was submitted under priorities: 2.8 Protection of the environment, with a particular emphasis on strengthening the administrative capacity (2) and 2.10 Technical Assistance relating to the implementation of acquis communautaire (2).

Partnership projects submitted under three calls by a given priority

As for the number of partnerships with institutions from Donor states they were most common under the following priorities: 2.6 Academic research (24), 2.3 Conservation of
European cultural heritage (12), 2.4 Human resources development (12) and 2.5 Health and childcare (12).

Analysis of the relationship of partnership projects to the general number of projects appearing under a given priority shows that the greatest percentage of partnership projects is under priorities: 2.9 Regional policy and cross-border activities (83%), 2.2 Promotion of sustainable development (70%) and 2.6 Academic research (69%).

As for the greatest share of projects implemented under a partnership with an institution from Donor states the greatest percentage of these projects is under the following priorities: 2.6 Academic research (57%), 2.2 Promotion of sustainable development (35%) and 2.3 Conservation of European cultural heritage (35%).

**Percentage of projects submitted under a partnership within the framework of individual priorities**

The above data reflects the specificity of the individual priority sectors. The greatest number of partnerships is implemented under priority 2.9, which is targeted at international and cross-border cooperation, as well as exchange of experiences, priority 2.2 for which the use of experience from other countries within the scope of certain models has a significant meaning, as well as priority dealing in academic research for which the knowledge transfer is the key element.

It would also be worth to emphasise the sustainability of the partnerships from the moment of their planning at the stage of preparing the application to the actual implementation of the project. Out of 94 projects, which at the stage of preparing the application planned to enter into a partnership with a partner from the Donor state, seven finally failed to make a partnership and four changed their partners.

**2. Contracting and disbursement status**

**2.1 Contracting status**

By the end of 2009, based on the Grant Offer Letters, the Ministry of Regional Development concluded with the Committee of the Financial Mechanism and/or the Norwegian Ministry of Foreign Affairs, Grant Agreements for 412 of all projects/programmes which were awarded
co-financing, including the agreement for project no. PL0388\(^5\). The signed agreements total over EUR 438.9 million, which constitutes almost 100% of the amount contracted with the Donors on the basis of the Grant Offer Letters. Under these agreements, Intermediate Bodies and Auxiliary Bodies signed 401 agreements with Beneficiaries for approx. EUR 423.5 million by the end of 2009. Details are presented on the Diagramme below (as of 31 December 2009).

![Diagramme showing agreements signed with Beneficiaries](image)

### 2.2 Disbursement status

The beneficiaries of individual projects and programmes received payments in the amount of over EUR 98.2 million by the end of 2009. From the beginning of programme implementation, the total amount of resources transferred to the Beneficiaries of individual projects constitutes EUR 163.8 million, which constitutes almost 39% of the amount of agreements signed with the Beneficiaries for projects and programme implementation.

The Diagramme below presents the contracting and disbursement performance.

---

\(^5\) Until 31 December 2009 the agreement for project no. PL0339 *Low emission elimination in the City Centre (Sródmiescie) District including Casimir's Town (Miasto Kazimierzowskie) in Radom through municipal heating system extension* has not been concluded yet.
The highest amount of cumulative resources was paid to Beneficiaries under priority 2.1 *Protection of the environment* (payment in the amount of over EUR 46.18 million) and 2.3 *Conservation of European cultural heritage* (over EUR 42.92 million). However, the highest share of resources paid to the amount of agreements signed with the Beneficiaries was characteristic of priority 2.1 *Protection of the environment* within the framework of which the implemented payments constituted over 50.5% of the resources contracted with the beneficiaries under the above-mentioned environmental priority. Details are presented on the Diagramme below (as of 31 December 2009).

Likewise in the previous reporting period, also in 2009 a low use of resources was observed under priorities: 2.4 *Human resources development*, 2.2 *Promotion of sustainable development* and 2.9 *Regional policy and cross-border activities*. This was caused by the specificity of the above-mentioned priorities, which because of their non-investment character and long-term implementation perspective determining the distribution of payments in time, resulted in lower level of resources disbursement by the Beneficiaries. However, as compared
to the end of 2008 the disbursement of resources under these priorities increased, which can provide for a systematic catching up with the delays.

Moreover, low level of using up the contracted resources was also observed under priority 2.7 Implementation of Schengen acquis. The prolonging tender procedures concerning high value supplies resulted in delays in payments. Additionally, it should be also noted that the Beneficiaries incur the highest expenditure in the final stage of projects implementation, when the contracts are being executed. However, in order to manage the savings that emerged under the above-mentioned projects the dates of projects implementation were prolonged. Given the higher level of progress in projects implementation and the catching up with delays from previous years the spending at the end of 2009 increased as compared to the state recorded as of 31 December 2008.

Moreover, it should also be emphasised that the projects selected in the 1st call for proposals were characterised with a high rate of payments in 2009. The rate of these projects implementation was significant, several projects were completed and other projects were in an advanced stage of implementation. This situation was translated into a good level of disbursement of resources in this group of projects.

Moreover, in 2009 the payments implemented for the Operators amounted to over EUR 23.24 million\(^6\).

In general, as of 31 December 2009 under individual projects and programmes, as well as Block Grants approx. EUR 211.97 million were spent, which constitute 41.5% of the amount contracted by IB/AI with the Beneficiaries and by NFC with the Operators.

It should be pointed out that the resources transferred to the Beneficiaries and operators show an increasing trend, in successive quarters of programme implementation the value of resources transferred for payments increased.

\[\text{Cumulative payments}\]

\[\begin{array}{c}
\text{Cumulative payments} \\
\text{in EUR thousand}
\end{array}\]

\[\begin{array}{c}
\text{I 2007} \\
\text{II 2007} \\
\text{III 2007} \\
\text{IV 2007} \\
\text{I 2008} \\
\text{II 2008} \\
\text{III 2008} \\
\text{IV 2008} \\
\text{I 2009} \\
\text{II 2009} \\
\text{III 2009} \\
\text{IV 2009}
\end{array}\]

\(6\) More information on the expenditure and implementation progress as regards Block Grants was presented in a separate Chapter.
In 2009 the resources transferred to the Beneficiaries and Operators were almost twice as high as all the funds paid within the framework of the Financial Mechanisms until the middle of 2007.

2.3 Settlement of resources transferred from FMO

In 2009 the Donors transferred to the Polish side the resources in the amount of over EUR 110 million, which is approx. 71% of the initially planned amount to be spent under the Financial Mechanisms. These plans were based on the State budget plans for 2009, which were elaborated in the middle of 2008. The delays in resources disbursement ending followed, primarily, from the delays in the implementation of the investment projects under priority 2.7 Implementation of Schengen acquis. Additionally, the expenditure lower than the one planned was recorded in priority 2.5 Health and childcare, which was caused by initiating the implementation of projects, which were in majority investments projects, selected under 2nd call for proposals later than it was planned.

2.4 Settlement of the Working Capital

According to the cash flow system operating between Poland and the Donor states the resources under the Working capital are allocated to reimburse to the State budget the payments transferred earlier to the Beneficiaries for the implementation of individual projects and programmes financed from the Norwegian Financial Mechanism and the EEA Financial Mechanism.

The resources in the amount of EUR 30 million that constitute the Working Capital were transferred to the account of the Paying Authority (Ministry of Finance – MF) at the beginning of the 2008. In 2009 the State budget received from this fund, respectively, EUR 34.4 million from the Norwegian Financial Mechanism, and over EUR 45.8 million from the EEA Financial Mechanism.

The statement of flows on the accounts of the Financial Mechanisms in 2009 was presented below. The table presents financial data demonstrating the use of the Working Capital resources: the sum of resources transferred to the Beneficiaries, the sum of payments made to the programme accounts of the Ministry of Finance and the sum of resources transferred to the State budgets divided into the Norwegian Financial Mechanism and the EEA Financial Mechanism.

<table>
<thead>
<tr>
<th>Source of financing</th>
<th>Transfers to the beneficiaries</th>
<th>Payments to the MF account</th>
<th>Transfers to the State budget</th>
<th>MF resources on the account remaining from the 2009 budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>NFM</td>
<td>EUR 33,642,093</td>
<td>EUR 34,790,893</td>
<td>EUR 34,427,145</td>
<td>EUR 363,748</td>
</tr>
<tr>
<td>EEA</td>
<td>EUR 42,931,786</td>
<td>EUR 48,398,219</td>
<td>EUR 45,875,666</td>
<td>EUR 2,522,552</td>
</tr>
<tr>
<td>Total</td>
<td>EUR 76,573,879</td>
<td>EUR 83,189,112</td>
<td>EUR 80,302,811</td>
<td>EUR 2,886,300</td>
</tr>
</tbody>
</table>

As regards the provisions of the Working Capital manual, concerning the confirmation of payments on the Polish side and reimbursements to the Beneficiaries, the determined time limits are basically met by individual Beneficiaries, which is provided for, *inter alia*, during the site visits performed by the IB/AI and NFP. However, for some projects or priorities the
verification process of Project Interim Reports carried out by the Intermediate Bodies/Auxiliary Institutions is sometimes prolonged due to the fact that the deadline of 15 working days is insufficient to verify Project Interim Reports in the case of the so-called soft projects which have a very extensive accounting documentation confirming the incurred expenditure. Additionally, the need to correct or supplement the documentation by the Beneficiaries on the request of IB/AI significantly extends the process and can result in further shifts of the deadline. On the other hand, the payments to Final Beneficiaries are made within the time limits determined in the aforementioned manual.

3. Review of the progress in the implementation and monitoring of individual projects and programmes

3.1 The deadline for completion of projects

Each of the 412 implemented projects/programmes\(^7\) has a defined deadline for completing the project implementation, which cannot extend beyond the eligibility date set out in the Grant Offer Letter and the eligibility date for the entire Operational Programme, i.e. 30 April 2011.

Deadline for completion of the project determines the current stage of implementation and sets out a framework for action, both by project beneficiaries and institutions involved at the national and Donors side.

As of 31 December 2009, 41 projects (10%) were completed, i.e. the FMO has accepted the Project Completion Reports on their implementation. Furthermore, 52 projects, i.e. 12% of all the implemented projects, should be completed in material respects by December 2009 according to the Project Implementation Plans. Fifteen out of these projects are at the stage of preparing the Project Completion Reports or await for their approval. In 2010 further 135 projects (33%) should be completed, and in 2011 – 184 (45%).

---

\(^7\) 412, i.e. without project no. PL0388 under which the Beneficiary resigned from implementation.
At this point, it is also worthwhile to note that given the changes in projects, including in particular the use of emerged savings and performance of additional works related to the project objectives, there often appears the need to extend the project implementation period. In 2009 there were 56 notified and accepted applications for prolonging the project implementation period.

3.2 The advancement stage of projects implementation

Given the quarterly reporting data, the advancement stage of projects implementation is differentiated compared to the one assumed in Project Implementation Plans (PIPs), which depends on many factors.

The average progress in project implementation under all three calls for proposals at the end of the 3rd quarter of 2009 amounts to approx. 67%, which means that over 2/3 of the assumed plan was achieved.

Depending on the calls for proposals, which determine different stages of project implementation – from the most advanced in the 1st call to the least advanced in the 3rd call – the implementation stage is the following.

---

8 The issue of introducing changes into the projects and using up the savings will be the subject of further analysis.
9 As of 31 December 2009 in line with the existing reporting system the available financial data come from the periodic reports for the 1st, 2nd and 3rd quarters of 2009 and they form the basis for the statistics.
As regards individual projects and programmes from the 1\textsuperscript{st} call for proposals the indicator of project implementation calculated according to the financial data reported by the Beneficiaries amounted to approx. 86\% in line with the data as of the end of the 3\textsuperscript{rd} quarter. A 100\% compliance of the project implementation with the plan was observed under priority 2.10 \textit{Technical Assistance relating to the implementation of acquis communautaire}. The priority 2.3 \textit{Conservation of European cultural heritage} (over 92\%) ranked second and it was followed by priority 2.9 \textit{Regional policy and cross-border activities} (approx. 89\%).

At the end of the 4\textsuperscript{th} quarter of 2008 the indicator of implementation stage for the projects from the 1\textsuperscript{st} call for proposals amounted to approx. 93\%, which signals slight slowdown as compared to 2008. At the end of the 1\textsuperscript{st} quarter of 2009 this indicator totalled 85\%, in the next quarter it achieved the level of approx. 89\%, and in the 3\textsuperscript{rd} quarter it dropped to approx. 86\%. The slowdown in the implementation rate is the most visible for projects under priority 2.7 \textit{Implementation of Schengen acquis} (2\textsuperscript{nd} quarter of 2009 – 91\%, 3\textsuperscript{rd} quarter of 2009 – 80\%) and priority 2.1 \textit{Protection of the environment} (2\textsuperscript{nd} quarter of 2009 – 91\%, 3\textsuperscript{rd} quarter of 2009 – 85\%). This situation can be explained with delays in some works implemented under the project (due to, for example prolonging, tender procedures) and the need to introduce different type of financial shifts in the Project Implementation Plans, which were often related to the procedure of obtaining an agreement from the Donor states.

As regards individual projects and programmes from the 2\textsuperscript{nd} call for proposals the indicator of project implementation at the end of the 3\textsuperscript{rd} quarter of 2009 amounted to approx. 56\%. As compared to the end of the previous year this constitutes a significant increase by approx. 31 percentage points (at the end of the 4\textsuperscript{th} quarter of 2008 this indicator reached the level of approx. 25\%). Therefore, it is clear that after some difficulties at the initial stage of implementing projects from the 2\textsuperscript{nd} call, which were caused, \textit{inter alia}, by the need to introduce changes in time in the project schedules, there undoubtedly was a high acceleration in their implantation progress, and the existing delays failed to have an adverse impact on the correct rate and process of projects development. The above thesis will be supported with the statistical data recorded at the end of the 1\textsuperscript{st}, 2\textsuperscript{nd} and 3\textsuperscript{rd} quarters of 2009. In the 1\textsuperscript{st} quarter of 2009 the indicator of project implementation stage amounted to 33\%, at the end of 2\textsuperscript{nd} quarter it
increased to 47% and at the end of the 3rd quarter of 2009 it already reached 56%. As regards leading priority sectors in this respect the projects implemented under priority 2.8 Protection of the environment, with a particular emphasis on strengthening the administrative capacity should be pointed out as the indicator is the highest under this priority and it reaches 63%, it is followed by priority 2.4 Human resources development – the indicator here amounts to 54%, and priority 2.6 Academic research – where the indicator amounts to 53%.

As regards individual projects and programmes from the 3rd call for proposals the indicator of project implementation at the end of the 3rd quarter of 2009 amounted to approx. 22%. The projects implemented under this call are in their initial stage and it is expected that a greater progress in these projects and programmes implementation will occur in 2010.

As for the implementation stage of projects from all calls for proposals divided into priority sectors the highest indicator is noted for priority 2.3 Conservation of European cultural heritage (76%), which is followed by the priority 2.1 Protection of the environment (74%) and priority 2.10 Technical Assistance relating to the implementation of acquis communautaire (72%). On the other hand, the lowest indicator of the projects implementation rate should be ascribed, above all, to two priority sectors in which it does not exceed 50%. This refers to priority 2.9 Regional policy and cross-border activities (47%) and priority 2.2. Promotion of sustainable development (48%). Details are presented on the Diagramme below (as of the end of 3rd quarter of 2009).

**Indicator of the project implementation rate divided into priorities**

By referring to the above data some similarities can be observed for certain priorities. In case of priority 2.1 Protection of the environment the thermal modernization works are a significant element of the majority of activities planned under the priority and their performance does not constitute a complex implementation process. The scope of these works
along the line planning-implementation is not difficult to perform and there are not many risks during their implementation that are hard to diagnose. The projects implemented under priority 2.3 *Conservation of European cultural heritage* are also characterized by performance of many works of reconstruction and modernization nature, which performance does not require the introduction of many and often changes that have an adverse impact on the works progress and the rate of projects implementation.

As for projects with the lowest indicator as regards implementation rate, it should be noted that they are characterised by dealing in non-investment areas. As a result, the majority of tasks planned within their framework is exposed to a number of changes, which to a great extent follow from the mutable prices on the services market, which in turn on many occasions influence the savings generated under these projects and extension of the catalogue of tasks by new activities not covered by the plan.

### 3.3 Changes in the projects in 2009

The experience gained during projects implementation shows that a large part of projects is subject to changes during their implementation, which in turn result in modification of the Project Implementation Plans. The changes in the projects resulted from different reasons that is why they required individual approach in the decision making process. This part of the report presents a summary of the number of modified projects and tries to group the changes into most common types occurring in 2009. The report focused on changes requiring the approval of the NFP and the Donors; hence the modifications accepted at the level of the Intermediate Bodies/Auxiliary Institutions were not considered, expect for the extension of the project implementation period within the framework of the costs eligibility date set out in the Grant Offer Letter.

In 2009, 131 individual projects and programmes were modified. This constitutes approx. 32% of all implemented projects.

The Diagramme below shows the manner in which the number of changes was distributed in individual priority sectors.
The comparison shows that in nominal terms the greatest number of projects was modified under priority 2.1 *Protection of the environment, including the human environment* and 2.5 *Health and childcare*. This follows from the fact that the greatest number of projects is implemented under these priority sectors. However, it should be noted that considering the share of projects modified in relation to the number of projects implemented in the given focus area the number of modified projects was the lowest under priority 2.1. It is a reverse trend as compared to 2008. This results from the fact that under priority 2.1 the state of projects implementation is the most advanced and this priority has the highest number of projects entering their final implementation stage and already completed projects.

The greatest number of modified projects was recorded under the following priorities: 2.10 *Technical Assistance relating to the implementation of acquis communautaire*, 2.7 *Implementation of Schengen acquis*, 2.8 *Protection of the environment, with a particular emphasis on strengthening the administrative capacity* and 2.3 *Conservation of European cultural heritage*, at the same time it should be noted that in priority 2.8 and 2.10 the number of implemented projects is the lowest. As regards priority 2.7 the high number of changes was related, *inter alia*, to the material and financial delays in initiating the project implementation which were definitely the most common under this priority sector. Moreover, it should be highlighted that the implementation of projects under priorities 2.7 and 2.3 that have an investment nature, is closely dependant on the successfully conducted tender procedures for supply of specialist equipment (e.g. ITC equipment) or performance of construction works of wide range (e.g. construction of a border guard post) or provision of various specialised services (e.g. maintenance works).

The Diagramme below presents the relationship of projects modified in relation to the number of projects implemented in the given focus area.

![Diagramme](image)

According to the data obtained from the NFP until the end of 2009 **approx. 170 changes were introduce into the projects.** At the same time, it should be noted that one project could
have been modified many times, and one complex modification could have covered some
different types of changes, which were aggregated for the needs of the following study. The
Diagramme presented below illustrates the value of the most important types of changes as
compared to the number of all changes that were indentified in the projects.

The most common changes covered **shift of financial resources between measures and/or
budget categories** and **extension of the projects implementation period.** It should be
assumed that the fact that these changes were most numerous is reflected in the state of
implementing the Financial Mechanism in 2009, which showed a considerable progress in
implementation of projects under all ten priorities. The completion of the initial stage of the
projects implementation was mainly related to the selection of the contractors, update of
actual needs and verification of the assumptions which tasks often caused the need of
financial modifications in individual measures and/or budget categories indicated in the PIP.
Reallocation of amounts between measures and/or budget categories enables efficient
management of the sum of the awarded co-financing depending on the prices obtained under
the tender procedures. Shifts between measures and/or categories constituted 34% of all
changes.

On the other hand, **extensions of the deadline of project implementation** resulted from the
delays in initiating the project implementation and signing the Grant Agreements. This was
also affected by time shifts as regards seasonal works or long-term tender procedures, which
sometimes needed to be repeated. Furthermore, extensions of the deadline of project
implementation was often related to other changes, including in particular material
modifications or additional tasks enabling to use the savings. In such cases, it was necessary
to obtain some additional time for performance of the wider scope of works. On the basis of
information gathered by the NFP it was estimated that the period of projects implementation
was extended in 56 cases, which constituted approx. 32% of all introduced changes. It is
expected that in the next periods this type of modifications will decrease as the
implementation of Financial Mechanism will enter a more advanced stage.

The category “**other**”, which constitutes a total of approx. 15% of all changes, covered
modifications related to the so-called de-commitment (releasing unused recourses from their
commitments) or re-commitment (repeated commitment of the resources released under individual projects) procedures. Moreover, it also included the modifications related to rectification of misprints, corrections in the tables of indicators and re-organisation of the division into measures and budget categories. The change within the scope of partnerships concluded for the needs of the project implementation was also classified under this category.

As compared to 2008 a new category of changes was defined, which consists in management of savings and, as far as in the previous years it appeared only sporadically, in 2009 it already constituted in approx. 12% of all changes. This type of modification should be understood as extension of the scope of the project by introduction of some new, additional tasks going beyond the original scope of the undertaking. This manner of action enables efficient use of the amount of the awarded grant if unused resources emerge under the project. Bearing in mind the fact that a decreasing trend as regards, inter alia, the prices of building materials and services, continues on the market, as well as the fact that more and more projects enter the final stage of their implementation, it is expected that this type of changes will keep increasing in the coming periods\(^{10}\).

The least common modification covers material changes, which constitute approx. 7% of all registered changes. These are understood as changes in the project assumptions that follow from a change of technology and technical solutions, changes in the legal situation or other circumstances determining the project implementation.

In addition to the above analysis, it should be mentioned that another technical modification commonly introduced in the PIPs, which was not covered by the statistics on practical grounds, covers aggregation of reporting periods. It is used on an ongoing basis as a means of simplifying and accelerating the project settlement, as well as a means preventing disruptions of their financial liquidity.

As for the decision making process concerning the introduction of changes it should be emphasized that a vast majority of applications from the Beneficiaries were positively considered by the FMO. The requested modifications were not approved in 14 cases, which is approx. 8% of all changes. The Diagramme below illustrates these proportions.

\(^{10}\) The issue of savings and their management will be further analysed in another part of the study.
Taking into account the fact that each application submitted to the FMO required a prior approval from the NFP, the acceptability of changes by the FMO at the level of 92% provides for the correctness of decisions taken on the Polish side.

The applications on modifications in the PIPs that were not accepted by the FMO in the majority of cases related to the increase in the management costs or the administrative costs, as well as shifts between measures and/or budget categories, which according to FMO occurred before the Beneficiary requested for approval. In some cases the FMO considered that the justification for the introduction of changes was insufficient. In case of modifications in the target values of the results indicators, which followed from realisation of their size the FMO did not introduce the verified data into the Project Implementation Plans recommending reporting the emerging discrepancies in the Project Interim Reports and Project Completion Reports.

3.3.1 Savings – special form of introducing changes into projects/programmes

Under some implemented projects savings were generated. The concerned resources that were released as a result of measures implementation and completion, changes in market prices or settlement of tender procedures. Savings, understood as a de-committed co-financing (grant) amount together with a proportional co-financing can be reallocated to other, yet uncompleted measures and/or used within the framework of the so-called additional tasks, which have to be approved by the Donors before implementation\(^{11}\). Additional measures have to be compliant with the aim and scope of the implemented project. The performance of new measures requires additional time for their implementation, which should be considered in relation to the expenditure eligibility deadline under the Financing Mechanism, i.e. 30 April 2011.

\(^{11}\) On 31 October 2008 expired the de-commitment deadline and as from that date there is no possibility of reallocating the de-committed amounts to other projects/programmes. In case of lack of decision on their disbursement under the measure in which these savings were generated the unused de-committed resources have to be returned to the Donors.
The National Focal Point with the assistance of the Intermediate Bodies and Auxiliary Institutions verify and analyses the projects and programmes on a current basis in order to manage the identified savings. In 2009 the FMO was addressed with a number of applications on modification of Project Implementation Plans, which actually assumed the use of de-committed resources. As it was already mentioned above, these applications can be broken down into two types, i.e. applications assuming the transfer of savings between the existing measures and the applications assuming the use of savings for performing the so-called additional tasks and extension of the projects scope. The latter type is a model example of disbursement of de-committed resources as it has an impact on achievement of better results than it was assumed, extension of the original concept and provisions.

In 2009 twenty applications were considered (10 from each 1st and 2nd call for proposals), which concerned management of savings for performance of the so-called additional tasks and extension of the project scope, for a total amount of approx. EUR 4,418,000 (grant + co-financing). The greatest number of applications on disbursement of savings comes from the projects implemented under the following priorities: 2.4 Human resources development, 2.5 Health and childcare and 2.7 Implementation of Schengen acquis. The Diagramme below demonstrates the number of applications considered in relation to the de-committed amounts for extension of the project scope broken down into priorities.

![Diagramme showing the number of considered applications on de-committed resources on extension of projects scope]

The greatest amount of resources were de-committed under priority 2.7 Implementation of Schengen acquis, i.e. approx. EUR 2,587,000 (grant + co-financing), which constitutes approx. 59% of all savings. This is related to the fact that within the framework of this priority projects of the highest value are implemented. There were no savings recorded in projects implemented in Priority 2.2 Promotion of sustainable development and 2.10 Technical Assistance relating to the implementation of acquis communautaire.

It is estimated that in 2010 the amount of savings will be growing, especially as many projects both from the 1st and the 2nd call, as well as part of the projects from the 3rd call will be

---

12 The implementation of the majority of projects from the 3rd call for proposals was initiated in 2009 in relation to the above it is assumed that the savings under these projects can be generated in 2010.
completed in this year. The identification of the de-committed amounts and applying for their disbursement will make it possible to achieve better indicators and projects/programme results, and it will also contribute to more efficient spending of resources within the framework of the Financial Mechanism.

3.4 Increasing the effectiveness of the implementation and monitoring process

Given the large number of requested and introduced project modifications, as well as their different nature and character, during this year the Polish side carried out discussions on regular basis with the Financial Mechanism Office, which concerned the solutions that would help to increase the effectiveness of projects implementation and minimalise the risk of delays in their delivery and financial settlement.

3.4.1 Better circulation of Project Interim Reports between the Polish side and the Financial Mechanism Office

Because the number of projects in the advanced implementation stage constantly increases and since the deadline for project final completion approaches, the National Focal Point, the Ministry of Finance and the Financial Mechanism Office started a discussion during a working meeting in Brussels that was held in July 2009. The meeting aimed at accelerating payments and resources disbursement under the Programme, as well as improving the efficiency of the system of Project Interim Reports and acceptance of the Project Completion Reports.

The discussion resulted in accepting the proposal of the Polish side and earlier submission of the electronic version of the Project Interim Report to the FMO (after it was accepted by the NFP). This allowed the FMO to prepare and send another application to the Beneficiary in an earlier time. This change was introduced by the NFP to the circulation of the Project Interim Reports in December 2009. This facilitates a smooth transfer of further Project Interim Reports to Beneficiaries, and thus earlier submission of applications by the Beneficiaries for reimbursement of expenses incurred by them as well as projects settlement.

Moreover, during the aforementioned meeting and in December 2009 the FMO forwarded additional information and requirements concerning the scope of data submitted by the Beneficiaries in the Project Interim Reports. The FMO recommendations aim at clarifying the information required by the Donors, so as to enable immediate acceptance of the Project Interim Reports by the FMO without the need to submit additional explanations by the Beneficiary. This information was immediately transferred to the Intermediate Bodies and Auxiliary Institutions, and next to the Beneficiaries.

3.5 Completed projects – implementation results

Until the end of 2009 the Beneficiaries completed the implementation of 41 projects. Furthermore, in line with the information provided by the National Focal Point 15 Project Completion Reports were being elaborated by individual Beneficiaries or verified by the IB/AI, NFP.

Among the 56 of the aforementioned projects over 85% of the completed projects, i.e. 45, concerned priority 2.1 Protection of the environment, including the human environment. These were projects of investment character concerning, above all, thermal modernization works in public utility buildings. The above-mentioned works mostly consisted in installation
of thermal insulation on walls, replacement of door and windows, as well as in modernisation of the heat sources and heating systems.

Implementation of three projects completed within the framework of priority 2.3 Conservation of European cultural heritage. Under the implemented projects the following tasks were performed: renovation of cultural heritage buildings on the area of the Młyńska Island in Bydgoszcz, revitalization and modernisation of the palace and park complex in Rogalin, and modernisation of the backhouse of the International Cultural Centre seat in Kraków.

Moreover, two projects from priority 2.4 Human resources development and 2.7 Implementation of Schengen acquis were successfully completed in financial terms and settled. Within the framework of priority 2.4 nearly 3,400 trainings per person were organised, which covered, inter alia, the following issues: public procurement law, personal data protection, computer skills, human resources management, investment process, administration and finance. The implementation of two projects under priority 2.7 contributed to improved safety on the country borders as a result of establishing a monitoring system in the Gdynia Seaport and on the area of the entire country by better provision of specialist vehicles to the Customs officers.

One project per each of the other priorities was completed, i.e. 2.2 Promotion of sustainable development, 2.5 Health and childcare, 2.6 Academic research, 2.9 Regional policy and cross-border activities. The priorities under which no projects were completed cover: 2.8 Protection of the environment, with a particular emphasis on strengthening the administrative capacity and 2.10 Technical Assistance relating to the implementation of acquis communautaire, which follows from both the specificity of these projects, as well as their small number.
3.5.1 Results of implementing the thermal modernization projects

The thermal modernization projects constitute the largest group of projects completed until 31 December 2009. The analysis of data presented by the Beneficiaries in the Project Completion Reports\(^\text{13}\) shows that the total area of all insulated walls in the renovated buildings amounts to over 190,000 m\(^2\). Under some projects the size of the renovated walls exceeded the planned values. This was primarily caused by the use of the existing savings for implementation of additional tasks. As a result the total value of this indicator was exceeded by at least 4% as compared to the planned value.

The analysis of the level of indicators performance as regards renovated roof and ceiling areas shows that only in a few projects the planned value of the indicator was not achieved. Nonetheless, a total for all projects showed that the indicator was implemented at the level of 99%.

Because there is no uniform system of indicators that would be applicable to all projects implemented under a given measure (e.g. thermal modernization), the measurement of objectives and results for thermal modernization projects for the needs of the following Report was performed on the basis of different indicators pointed out by the Beneficiaries in the Project Completion Reports, i.e. indicator of reducing the consumed energy, indicator of reducing CO\(_2\) emissions, as well as the indicator of reducing particulate matter emissions.

On the basis of the energy consumption indicator, which was indicated in the project Completion Reports in the case of 28 projects, it is estimated that the annual heat consumption decreased as a result of implementing the projects concerned by over 165,000 (GJ per year), which is a drop by 54% in relation to the need recorded so far. It should be noted that the planned indicator was implemented at the level of 96%.

As for the indicator of the CO\(_2\) and particulate matter emissions to the atmosphere that was used in the case of respectively 22 and 14 projects, it is estimated that the implementation of the above projects made it possible to reduce the CO\(_2\) and particulate matter emissions, respectively, by over 18,000 (tons per year) and 41 (tons per year). For CO\(_2\) it implies a gas reduction by 56% as compared to the current level, and in the case of particulate matter by 58%. It should be noted that the indicators were implemented at a very high level as compared to the planned one – respectively 97% and 95%.

---

\(^\text{13}\) The object of the analysis covered 31 thermal modernisation projects for which Final Completion Reports were accepted by the FMO.
4. Block Grants – delivery of the implementation process by the Operators

The last calls for proposals under the Fund for Non-governmental Organisations were announced in the discussed reporting period. Three calls for proposals were held under the Cultural Exchange Fund and within the framework of the Scholarship and Training Fund – one call for proposals. Moreover, the Polish-Norwegian Research Fund and Technical Assistance Fund were continually implemented.

Furthermore, as a result of resources de-commitment under individual projects and programmes by way of a Donors’ decision of April 2008 the budget of the Cultural Exchange Fund was increased by EUR 5,515,068 (resources increase by 138%), and the Polish-Norwegian Research Fund by EUR 8,403,939 (resources increase by 65%).

As far as payments status in 2009 is concerned the payments implemented for the Operators amounted to over EUR 23.24 million. In total, the resources transferred to the Operators from the beginning of the programme implementation amounted to EUR 48.17 million (55% of the value of the amount of agreements concluded with the Operators). The most advanced was under this respect the Fund for Non-governmental Organisations; its Operators received resources, which were used almost in 80% of the allocation for this Fund.
The lowest level of using the contracted resources was observed in the Cultural Exchange Fund and the Polish-Norwegian Research Fund, which is partly related to the increase of the allocation for these funds in April 2009.

**a) Fund for Non-governmental Organisations**, total allocation: approx. EUR 41.5 million\(^\text{14}\)


All five calls for proposals were organised within the framework of this Component since the time the Fund was launched in April 2007, last of them took place at the turn of the 1\(^{\text{st}}\) and 2\(^{\text{nd}}\) quarter of 2009. In total 3,518 applications were submitted under all calls for proposals. As of 31 December 2009 the co-financing was awarded to 329 projects (approx. 9\% of submitted applications) for the value of EUR 12.6 million. The number of settled projects is 183 (next 32 were submitted by the Beneficiaries and are currently under verification carried out by the Operator)\(^\text{15}\).

The focus area *Expanding institutional capabilities of NGOs and developing the NGO sector* – so-called MICRO projects, which were addressed only to young organisations, enjoyed a special popularity among the applicants. Until the end of 2009 the majority of them were already settled. At this point, it should be noted that this type of support in Poland has quite a unique character.

The area *Respect for democratic rules* ranked second as regards popularity. The smallest number of projects concerned the area *Improving the knowledge of civil society and democratic processes*. As for areas: *Respect for democratic rules* and *Improving the knowledge of civil society and democratic processes* it was possible to implement projects

\(^{14}\) This amount covers co-financing on the Polish side and the management costs incurred by the Operators.

\(^{15}\) A large number of completed projects as compared to the Component II and III can follow from the time restrictions imposed on project implementation, which exist under Component I (MICRO, SMALL projects – up to 12 months, MEDIUM projects – up to 18 months, LARGE projects – up to 24 months).
that concerned measures implemented under both these areas. Details are presented on the Diagramme below.

As for the geographical distribution the Fund for Non-governmental Organisations enjoyed the greatest popularity among organisations from the Mazovia region, which primarily follows from the fact that the largest number of NGOs (also national ones) has its seat in this region and they are also the most active NGOs. This translated into the number of submitted and approved applications. In Mazowieckie Voivodeship 852 applications (approx. 24% of submitted applications) were submitted under Component I; co-financing was awarded to 100 projects - 30% of applications. The number of applications that were awarded co-financing in the Mazowieckie Voivodeship was also influenced by the fact that the applications submitted by the organisations from this region were correctly prepared. The lowest number of applications was submitted in the following voivodeships: Opolskie, Świętokrzyskie and Lubuskie. At this point it should be also noted that for the category of MICRO projects, which had certain specificity, the order of regions was similar but the differences between the regions were not so significant. This resulted in a considerably better distribution of resources between different regions of Poland.

As for partners’ participation in all 2,214 of the submitted applications, under which the partner participation was acceptable (except for MICRO projects), as much as 1,087 applicants declared the participation of a partner organisation and this was translated into their participation in 120 of implemented projects, i.e. 68% (except for MICRO projects). One hundred seventy four partner organisations participated or participate in the implemented projects, 47 out of them comes from abroad, they cover 16 Norwegian and 2 Icelandic organisations.

Component II. Protection of the environment and sustainable development, Operator: ECORYS Polska, allocation: approx. EUR 13.8 million

In 2009 (1\textsuperscript{st} quarter) the last call for proposals was announced. A total of 795 applications\textsuperscript{16}

\textsuperscript{16} The difference in the number of applications submitted under Component II and Components I and III may follow from the fact that Components I and III as compared to Components II are distinguished with a wide and...
were submitted under all three calls for proposals, out of which 119 (15%) were awarded co-financing for a total amount of approx. EUR 12.8 million. At the end of the reporting period a total of 19 projects were completed and settled.

In all calls for proposals the most popular focus area among applicants was the area – *Educational and informational activities for the environment*, which was followed by: *Activities for improvement of social awareness*. Just like in the case of Component I, it was possible to implement projects concerning more than one area. The Diagramme below illustrates the popularity of individual focus areas.

![Popularity of focus areas](image)

As for the geographical distribution, the most numerous representation under all calls for proposals was from the Mazowieckie Voivodeship. Almost one-fourth of all applications came from this Voivodeship. The total of 188 applications was submitted (24%). This was translated into the number of co-financed projects – 23 projects (almost 20%). The representation from the Lubuskie, Kujawsko-Pomorskie, Świętokrzyskie and Opolskie voivodeship was the least numerous. The smallest number of implemented projects derives from the Kujawsko-Pomorskie Voivodeship, and the co-financing was not awarded to any applications from the Lubuskie, Świętokrzyskie and Opolskie voivodeships.

In all 795 submitted applications on project implementation 636 applicants declared the participation of a partner organisation. Hence, out from 119 implemented projects, 114 were implemented under a partnership (approx. 96%). As for the participation of a partner organisation, 280 entities participated or participate in the implemented projects, 80 out of them comes from abroad, they cover 19 Norwegian, 2 Icelandic organisations and 1 organisation from Lichtenstein.

universal thematic scope; hence their thematic scope may cover a much greater number of organisations than those which activities are mainly focused on environmental protection.
Component III. Equal opportunities and social integration, Operator: ECORYS Polska, allocation: approx. EUR 13.8 million

In 2009 (1st quarter) the last call for proposals was announced. A total of 2,453 applications were submitted under all three calls for proposals, out of which 127 applications, which is 5% of all applications, were awarded co-financing. The total value of co-financing amounts to approx. EUR 12.9 million. At the end of the reporting period a total of 20 projects was completed and settled.

Also in Component III, it was possible to implement projects concerning more than one area. Among all submitted applications and applications that were awarded co-financing the largest number of projects corresponded to the focus area: Support and reinforcement of position of the disadvantaged and the disabled. The focus area: Vocational activisation of socially excluded groups ranked second as regards most numerous representation. Details are presented on the Diagramme below.

![Popularity of focus areas](image)

The most numerous representation among all applicants in all calls for proposals was from the Mazowieckie Voivodeship. Almost 596 of all applications (24%) came from this Voivodeship. This was translated into the number of implemented projects from this Voivodeship – 36 projects (29% of all projects).

The lowest number of applications was submitted in the following voivodeships: Podlaskie, Lubuskie, Świętokrzyskie and Opolskie. Therefore, the smallest number of implemented projects comes from the Lubuskie and Opolskie voivodeships, and the co-financing was not awarded to any applications from the Świętokrzyskie and Podlaskie voivodeships.

In all 2,453 submitted applications for project implementation 1,644 applicants declared the participation of a partner organisation. Out of 127 implemented projects, 111 were implemented under a partnership (87%). As for the participation of a partner organisation, 193 entities participated or participate in the implemented projects, 42 out of them comes from abroad, they cover 10 Norwegian organisations.
b) **Polish-Norwegian Research Fund (PNRF)**, Operator – Information Processing Centre (OPI), PNRF allocation: approx. EUR 25.2 million\(^1\)

As a result of two editions of the conducted calls for proposals (4\(^{th}\) quarter of 2007 and 3\(^{rd}/4\(^{th}\) quarter of 2008) the co-financing was awarded to 15 projects under Measure I *Research projects*, which enjoyed the greatest popularity among the applicants and 21 projects under Measure II *Workshops and seminars*.

Following a decision of Donor states of April 2009 the allocation from the Norwegian Financial Mechanism for the Fund was increased by over EUR 8.4 million. In May 2009 the Donors also approved the requested extension of the expenditure eligibility period under the Fund until the end of April 2012. As a result it will be possible to implement 7 additional research projects from the reserve list.

In total co-financing under PNRF was awarded to 21 research projects, their co-financing value reaches over EUR 21.1 million, and 20\(^1\)\(^8\) projects concerning workshops and seminars (approx. EUR 354 thousand).

---

\(^{1}\) This amount covers the amount of reallocation of April 2009, the co-financing on the Polish side and the management costs incurred by the Operator.

\(^{18}\) Following a resignation of a Beneficiary from implementing a project under Measure II, the de-committed resources were moved to research project implementation.
As of 31 December 2009 the implementation of 5 soft projects was completed under Measure II *Workshops and seminars*. Other projects are still in the implementation stage.

As for the themes of implemented projects, the projects on environmental protection and healthcare have an equal share within the scope of research projects. The themes of seminars/trainings, which could cover all priorities foreseen for the Norwegian Financial Mechanism, concerned environmental protection and sustainable development for half of the selected projects.

The group of Polish Beneficiaries covers higher education institutions and research institutes. Bearing in mind the nature of the Fund, each of the Beneficiaries is obliged to cooperate with at least one Norwegian partner. These cover Norwegian higher education institutions and research institutes. Moreover, the Beneficiaries implementing research projects often cooperate within the framework of the project with at least one Polish academic institution.

According to the letter of the Financial Mechanism Office in Brussels of 24 September 2009 the FMO approved the use of EUR 216,973.97 for covering the losses incurred by the Beneficiary on account of differences in the exchange rate.

c) **Cultural Exchange Fund (CEF)**, Operator - Ministry of Culture and National Heritage (MCNH), CEF allocation: approx. EUR 10.6 million\(^\text{19}\)

As a result of resources de-commitment under individual projects and programmes at the end of April 2009 the allocation from the MF for the CEF was increased by EUR 5,515,068. This made it possible to increase the allocations for individual calls and launch two additional calls for proposals.

From the time of launching the Fund in the first half of 2008 until the end of 2009 four calls for proposals were held, three out of them in 2009. The last – fifth, call for proposals is planned to be implemented in the 1\(^{st}\) quarter of 2010.

\(^{19}\) This amount covers the amount of reallocation of April 2009, the co-financing on the Polish side and the management costs incurred by the Operator.
A total of 196 applications were submitted under four calls for proposals, after their appraisal co-financing was awarded to 57 projects (29% of applications) for the value of approx. EUR 8.5 million.

In all calls for proposals the area *Music and stage arts* enjoyed the greatest popularity; within the framework of this area over half of all applications were submitted. This was reflected in the number of implemented projects. Details are presented on the Diagramme below.

As for the types of Beneficiaries the greatest number of projects is implemented by NGOs from the area of culture (24), which are followed by public culture institutions (21). Individual projects are implemented by self-government units and their associations, public schools of arts and academies of arts and state archives. Analysis of the obligatory participation of partners from Donor states under the implemented projects shows that a vast majority of partners comes from Norway – 84% of partner institutions come from this country. Institutions from Iceland constitute 16% of partners. Moreover, the Beneficiaries implementing projects often cooperate within the framework of the project with Polish entities.

**d) Scholarship and Training Fund (STF) – Operator: Foundation for the Development of the Education System (FDES), STF allocation: EUR 13.3 million**

As for now, three calls for proposals were organised for the applicants from the time of launching the Fund in the first half of 2008, the last of this was organised in the 1st quarter of 2009.

Within the framework of these three calls for proposals 461 applications were submitted and after the appraisal support was granted to 216 projects under five types of possible measures: *Mobility Projects, Language Courses, Individual Mobility Grants, Inter-Institutional Cooperation, Development of Polish Higher Education Institution*. The value of the awarded co-financing amounts to approx. EUR 10.5 million. The number of projects settled by the end of December 2009 was 39 (next 15 is under verification carried out by the Operator).

---

20 This amount covers co-financing on the Polish side and the management costs incurred by the Operators.
Given large variety of measures under STF individual types of projects were characterised by different popularity.

**Measure I Mobility projects**
Within the framework of two calls for proposals under which 46 projects out of total received co-financing the Polish education institutions declared cooperation with:
- 21 education institutions from Norway and 5 education institutions from Iceland under the call for proposals that was carried out in 2008 and under which 18 projects were awarded co-financing,
- 74 education institutions from Norway, 15 education institutions from Iceland and 1 education institution from Lichtenstein under the call for proposals that was carried out in 2009 and under which larger number of projects were awarded co-financing, i.e. 28.

On the basis of Project Completion Reports for the academic year 2008/2009 the education institutions reported a total of 376 mobility events between Poland and the Donor states. According to the data from December 2009 in the academic year 2009/2010 the education institutions reported already 161 mobility events.

**Measure II Language Courses**
Measure II enjoyed the least popularity. As a result of three calls for proposals a total of 9 projects were accepted to co-financing (3 projects in the 2nd call and 6 projects under the 3rd call). However, the above-mentioned projects were not implemented given the failure to enrol the listeners. Little popularity enjoyed by this measure could have follow from quite small interest in learning Norwegian or Icelandic. In case of organising a stationary Polish language course for foreigners a difficulty emerged which consisted in the fact that students are scattered at different education institutions and the courses take place on different dates.

**Measure III Individual Mobility Grants**
The popularity of Measure III increased gradually and it was definitely the greatest during the third call for proposals. In total under Measure III co-financing was awarded to 104 persons (15 persons under the 1st call, 19 under the 2nd call and 70 under the 3rd call, out of which one person resigned from the grant on personal grounds). Sixty nine persons will leave to take part in research projects – at least 3 months stay; 34 persons – will use the possibility of taking part in short study visits (up to 10 working days). Norway was the most often selected country of stay by the grant holders (78 host institutions), several persons decided to leave for Iceland and Lichtenstein.
As regards the subject matter addressed – the greatest number of persons will implement projects related to a broadly-conceived education and further vocational training. It follows from a large number of co-financed study visits, in which the majority of participants are teachers of secondary schools. Some other thematic areas in which the grant holders carry out studies cover: sociology, political sciences, life sciences/biology, philosophy and language learning/linguistic.

**Measure IV Inter-Institutional Cooperation**
Within the framework of Measure IV both the range of institutions as well as the subject matter of projects was definitively the richest. The Inter-Institutional Cooperation often provided the opportunity to implement the idea for a project, which was not integrated into any of the available EU educational programmes. A total of 29 projects were co-financed. The formal requirement of this Measure covered participation of a foreign partner from a Donor
state. Cooperation was established with 26 institutions from Norway and 9 institutions from Iceland.

**Measure V Development of Polish Higher Education Institution**

Measure V turned out to be the most attractive measure for the applicants – the greatest number of applications was submitted under this measure (approx. 45%). This Measure enjoyed particularly large interest because the international or national partnerships were optional, a wide catalogue of eligible project activities was acceptable, and moreover up to 30% of total project costs could have been allocated for the purchase of devices and equipment for Beneficiary’s institution. Within the framework of this measure co-financing was awarded to a total of 36 projects, from which 16 projects were implemented in cooperation with a foreign partner. Polish institutions established cooperation with institutions from Norway, Iceland and Lichtenstein.

As for the subject matter of the projects within the framework of measures, in which institutions were the Beneficiaries, i.e. under Measure IV Inter-Institutional Cooperation and Measure V Development of Polish Higher Education Institution, the most common topics covered, in the following order: education/further vocational training for teachers, foreign languages/linguistics, architecture and ITC, environment/ecology.

Projects implemented under STF are concentrated around the biggest academic centres in the country, Warsaw, Kraków, Toruń, Lublin, Poznań. Undoubtedly, bigger institutions apart from extensive foreign contacts have at their disposal a broader human resources background enabling the implementation of new projects. It is noteworthy under Measure IV that among institutions implementing the projects there are also 6 schools (1 primary school and 5 secondary schools), which implement projects based on the rules of the Comenius programme, which enables mobility of large groups of students.

e) Technical Assistance Fund (TA), Operator – Ministry of Regional Development, allocation: approx. EUR 8.42 million\(^{21}\)

Within the discussed reporting period works related to implementing the Technical Assistance Fund were continued. Until the end of 2009 twelve Project Interim Reports were sent to the FMO for a total amount of EUR 4,270,319 (including the grant amount EUR 3,629,771). A reimbursement of the expenditure incurred under the aforementioned Project Interim Reports was transferred to the accounts of the Ministry of Finance (Paying Authority). Moreover, along with the Project Interim Reports for the 4\(^{th}\) quarter of 2008, which were drawn up in the 1\(^{st}\) quarter of 2009, the NFP settled the entire amount of the advance payment (EUR 985,838) that was transferred as the first payment under the TA. In 2009 the tasks under the Technical Assistance Fund were continued to be implemented; these first of all, concerned monitoring of project implementation, as well as publicity and information on the results of the implemented projects. Since the beginning of TA implementation the NFP carried out a total of 16 site visits at the Fund’s Beneficiaries, including five visits in 2009. During the visits a lot of attention was placed on the level of resources disbursement and the material implementation of the planned tasks. No significant deficiencies were identified as regards implementation of this Fund.

\(^{21}\) This amount covers co-financing on the Polish side.
Moreover, in 2009 the NFP carried out activities aimed at preparing the technical assistance budget for 2010, which would cover the expenditure planned by all Beneficiaries of the Fund. In November 2009 the budget concerned was accepted by the Donor states.

In 2009 the expenditure level under TA amounted to EUR 1,363,382, i.e. 82% of the amount foreseen for that year in line with the Project Implementation Plan. As of 31 December 2009 all Beneficiaries of the Fund spent a total amount of EUR 4,059,692 using up 57% of the allocation granted to TA.

5. Project implementation controls

In line with the management and implementation system of the Financial Mechanism in Poland the following institutions are entitled to perform controls: the National Focal Point, Intermediate Bodies/Auxiliary Institutions, Audit Institutions and experts selected by the Financial Mechanism Office.

In 2009 the Polish party carried out control in respect to 45% of projects (i.e. 172 projects) implemented under the Financial Mechanisms.

Site visits of projects implemented in 2009 carried out by IB/AI and NFP

<table>
<thead>
<tr>
<th>Priority</th>
<th>% of controlled projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Protection of the environment –investments</td>
<td>35%</td>
</tr>
<tr>
<td>2.2 Promotion of sustainable development</td>
<td>17%</td>
</tr>
<tr>
<td>2.3 Conservation of European cultural heritage</td>
<td>62%</td>
</tr>
<tr>
<td>2.4 Human resources development</td>
<td>43%</td>
</tr>
<tr>
<td>2.5 Health and childcare</td>
<td>39%</td>
</tr>
<tr>
<td>2.6 Academic research</td>
<td>24%</td>
</tr>
<tr>
<td>2.7 Implementation of Schengen acquis</td>
<td>50%</td>
</tr>
<tr>
<td>2.8 Protection of the environment, with a particular emphasis on strengthening the administrative capacity</td>
<td>18%</td>
</tr>
<tr>
<td>2.9 Regional policy and cross-border activities</td>
<td>79%</td>
</tr>
<tr>
<td>2.10 Technical Assistance relating to the implementation of acquis communautaire</td>
<td>86%</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>45%</strong></td>
</tr>
</tbody>
</table>

However, excluding the projects from the 3rd call, under which no site visits were planned at such an early stage of their implementation, the percentage of projects controlled by the Polish institutions was 48% (172 controlled projects out of 359 projects implemented under 1st and 2nd call). In addition, it should be noted that under priorities in which a smaller number of projects was implemented, the percentage of controlled projects was much higher than the average value.
5.1 Site visits carried out by Intermediate Bodies/Auxiliary Institutions

In 2009 Intermediate Bodies/Auxiliary Institutions carried out 169 site visits. The results of the performed controls were in a great majority positive. The projects are implemented according to relevant assumptions and guidelines, the settlement is run correctly (to a large extent as a result of trainings organised for Beneficiaries by IB/AI and the NFP, and the current contact between the Beneficiaries and project supervisors in relevant institutions), and the scope of works of implemented projects is in line with their financial advancements. No significant deficiencies or irregularities were identified. Only minor faults were observed which concerned the following issues:

- on-time elaboration and submission of the Project Interim Reports and Periodic Reports to the IB/AI;
- insufficiently early preparation of modifications to PIP together with necessary information (with a detailed description of introduced modifications) and required justification for introduced modifications by the Beneficiaries;
- incompliance with information and publicity rules, especially proper signposting of the seat of the project’s office, equipment, materials created during the project implementation and proper distribution of information boards on financing sources and running the project publicity campaign in line with the schedule of Project Implementation Plan;
- deficiencies as regards the application of the public procurement procedures, inter alia, careful, precise and reliable preparation of the specification of essential terms of the contract, proper and efficient performance of the public procurement procedure and due selection of contractors. However, these deficiencies do not affect the correctness of the conducted procedures.
- catching up with delays in the implementation of some investment projects;
• proper preparation and presentation of documents confirming the achievement of the environmental effect indicated in the PIP or the documents providing for handling waste materials created during the project implementation.

Beneficiaries of monitored projects were given relevant corrective measures and recommendations in the follow-up information.

5.2 Site visits carried out by the National Focal Point

In 2009 the National Focal Point carried out 34 site visits in line with the control plan drawn up at the beginning of the year. NFP selected projects to carry out site visits taking account of the earlier project controls, control plans of other institutions on the Polish side and the plan of site visits of the Financial Mechanism Office. In 2009 the NFP covered with control also the projects selected under the second call, which were initiated in the 2nd half of 2008 or at the beginning of 2009, as well as projects which implementation was to be completed in 2009.

The scope of these controls covered, inter alia, satisfaction of the conditions for granting the co-financing and ensuring proper implementation of the agreement, material and financial progress as regards projects implementation, timeliness and reliability regarding the preparation of the information in periodic reports, timeliness and reliability regarding the preparation of the Project Interim Reports and risk related to project implementation.

The results of site visits carried out by the NFP did not raise any objections. The implementation of controlled projects was efficient and correct. The follow-up recommendations forwarded to Beneficiaries most commonly concerned:

• more reliability in timely transfer of reports, Project Interim Reports and applications for modification of Project Implementation Plans;
• monitoring of project implementation in respect to the full use of the amount of the awarded co-financing and the use of savings that were generated under the given project;
• monitoring of risk factors identified in the projects and undertaking all possible preventive measures;
• better use of information transmission and project publicity instruments, inter alia, visible placing of information boards and commemorative plaques, up-dating and extending the scope of the websites, as well as conducting publicity in line with the guidelines for the Financial Mechanisms giving data on the source of funding;
• proper and full documentation of the process of transferring waste materials.

The above-mentioned follow-up recommendations were to a large extent implemented, others are still under implementation.

Moreover, the NFP carried out control of project no. PL0289 Implementation of Management Methodologies for IT Services, Projects and Programmes at the Bydgoszcz City Office, which was not included in the plan, as the Intermediate Body expressed doubts regarding the project that concerned the correctness of the conducted tender procedure. The control failed to identify any deficiencies, which would justify cancellation of the procedures concerned.

Moreover, the NFP carried out 13 systematic site visits in the Intermediate Bodies/Auxiliary Institutions and at the Operators, i.e.:
- National Fund for Environmental Protection and Water Management – NFOŚiGW – AI for environmental projects,
- Ministry of Science and Higher Education – IB for priority 2.6 Academic research,
- Office of the Committee for European Integration – UKIE (two controls related to the role of UKIE as the IB for priority 2.4 Human resources development and 2.10 Technical Assistance relating to the implementation of acquis communautaire).
- Office for Foreign Aid Programs in Health Care – AI for priority 2.5 Health and childcare,
- Implementing Authority for European Programmes – WWPE (two controls related to the WWPE function of IB for priorities 2.7 Implementation of Schengen acquis and 2.9 Regional policy and cross-border activities),
- ECORYS Polska, Cooperation Fund Foundation (Operators of the Fund for Non-governmental Organisations),
- Information Processing Centre (Operator of the Polish-Norwegian Research Fund),
- Foundation for the Development of the Education System (Operator of the Scholarship and Training Fund);
- Ministry of Culture and National Heritage (two controls related to the performance of the IB function for priority 2.3 Conservation of European cultural heritage and Operator of the Cultural Exchange Fund).

Results of the performed system visits carried out by the NFP did not raise any significant objections. However, the follow-up recommendations were formulated, which most commonly concerned:

- enforcement of time limits related to signing agreements,
- modification of the audit trails and the manual for project implementation procedures,
- making every effort to transfer the verified and accepted Project Interim Reports and quarterly reports on time;
- within the scope of the Cultural Exchange Fund, apart from the recommendations on accelerating the procedure of signing agreements with the Beneficiaries and monitoring of the on time submission of reporting documents by the Beneficiaries it was also recommended to simplify the procedures and rules of projects settlement, as well as to organise additional trainings for Beneficiaries within the scope of correct reporting.

A large progress in the implementation of the project no. PL0067 Comprehensive computerisation of blood transfusion service in Poland is also noteworthy. The project was implemented with a considerable delay given prolonging problems related to signing an annex to the Partnership Agreement and thereby delayed signing of the Grant Agreement between the Auxiliary Institutions (Office for Foreign Aid Programs in Health Care) and the project Beneficiary. As a result of many meetings and due to the engagement of many institutions on the Polish side the Grant Agreement was finally signed in March 2008. (more than one year delay). However, as a result of considerable delays and lack of material and financial implementation of the project in 2008, in December 2008 there was the first site visit carried out on behalf of the Financial Mechanism Office. As a result of the visit the Beneficiary received several recommendations that aimed, above all, at strengthening/facilitating project management. As a result of implementing the recommendations from the above-mentioned site visit a visible progress in this project implementation was achieved in 2009. The progress was observed by the Polish institutions, as well as by the Donor states during the second FMO site visit in November 2009. As of 31 December 2009 the project is being implemented with a
slight delay in relation to the up-dated PIP, however, these delays are gradually being caught up with and the emerging problems are being solved on a current basis.

5.3 Suspected irregularities in projects implementation

After conducting a site visit of the project no. PL0204 *Thermal modernization of public utility buildings in the Gardeja commune* the Auxiliary Institution, i.e. NFOSiGW, stated that there is a suspicion of irregularity in project implementation, which consists in giving false evidence by the Beneficiary in the documents. Relevant reports in line with the *Irregularities guideline* were submitted to the Financial Mechanism Office under quarterly reporting procedure – for 4th quarter of 2008 and 1st and 2nd quarter of 2009. Anyhow, in September 2009 the NFP forwarded to the FMO additional information of the aforementioned suspicion of irregularity confirming that the Beneficiary has remedied the irregularities.

Following this irregularity a motion on misconduct of the Voit of the Gardeja Gmina was forwarded to the Public Prosecutor's Office. This fact was also confirmed after the site visit carried out by the AI. In November 2009 the NFP informed the FMO that the Public Prosecutor's Office dropped this investigation.

According to the Polish party the above-mentioned activities exhausted the issue of this irregularity. However, the FMO according to the provisions of the Grant Agreement addressed the Polish side in the letter of 18 December 2009 for additional information, which will make it possible for the Donors to take the final decision on possible return of the awarded co-financing. This information, in line with the indicated deadline, i.e. until 2 March 2010, will be forwarded by the NFP to the Donors.

After conducting a site visit of the project no. PL0175 *The improvement of air quality in Czersk commune by means of thermomodernization of public buildings* the Auxiliary Institution (NFOSiGW) stated that there is a suspicion of irregularity in project implementation. It consisted in improper classification of a part of the costs incurred by the Beneficiary as eligible costs within the framework of the project. The Beneficiary returned the improperly paid co-financing immediately on the call of the AI. Relevant report in line with the *Irregularities guideline* was submitted to the Financial mechanism Office under quarterly reporting procedure – in the 2nd quarter of 2009.

After conducting a site visits of the project no. PL0139 *Thermo-modernization of The Commune School building in Krzeszyce* the Auxiliary Institution (NFOSiGW) stated that there is a suspicion of irregularity concerning the tender procedure conducted under the project. This case was notified to the President of the Public Procurement Office. Until the end of 2009 the AI has not received any decision of the President of the Public Procurement Office in this case. Further payments were suspended. Relevant reports in line with the *Irregularities guideline* were submitted to the Financial Mechanism Office under quarterly reporting procedure – for 2nd and 3rd quarter of 2009.

6. Research carried out within the scope of implementing Financial Mechanisms

In 2009 three project reviews were carried out in the 2nd half of 2009 on the request of the FMO. Two regarding priority 2.1 *Protection of the environment, including the human environment* and covering the projects within the scope of biodiversity and reduction of emissions of greenhouse gasses under this priority, and the third concerned projects within the scope of protection of borders and support to judiciary implemented under priority 2.7
Implementation of Schengen acquis. The reviews concerned Poland and other Beneficiary states. As of the day of drawing up the following Report the final results of the above-mentioned reviews are not available yet.

7. Information and publicity

Within the framework of the information and publicity measures the website of the Ministry of Regional Development concerning the Financial Mechanism is continuously up-dated - www.eog.gov.pl, as well as the websites of individual Intermediate Bodies/Auxiliary Institutions and Operators. In 2009 the information and publicity policy was focused mainly on providing information to the public on the results of implementing the Financial Mechanism in Poland. One of the examples of such activity was the FM promotion during the 2nd European Funds Forum (held on 7-8 May 2009 in Warsaw), which is considered to be the largest Polish project dedicated to the promotion of European Funds. It is estimated that 1,500 persons participated each day in the Forum. Moreover, within the period from October to November 2009 the National Focal Point commissioned the preparation and emission of eight radio broadcasts on the Program 3 of the Polish Radio (Polskie Radio), which concerned the projects co-financed from the Financial Mechanisms. According to the information forwarded by the Polish Radio each radio broadcast was on average listened by nearly 400 thousand persons. In order to reach a greater group of recipients the radio broadcasts were also placed at the website - www.eog.gov.pl, as well as on the website of the Polish Radio. Moreover, on 14-16 October 2009 the Ministry of Environment organised the international conference entitled Lessons learned and looking forward - EEA and Norway Grants in the environmental sector, which summarized the experience in implementing environmental projects gained so far. The conference was attended by (approx. 100 persons) representatives of institutions from the Donor states, National Focal Points, institutions in the Beneficiary states and Final Beneficiaries from different countries. A detailed list of information and publicity measures carried out in 2008 is enclosed in Annex 2.

8. Implementation plan for the period January – December 2010

8.1 Implementation priorities

Bearing in mind the fact that until the end of 2010 it is planned that 55% of individual projects and programmes will be completed it should be expected that the activities related to the identification and disbursement of savings will be intensified in order to use up the awarded co-financing more efficiently. This issue will relate mainly to the changes in Project Implementation Plans.

In 2010 the rate of implementing individual projects and programmes will be accelerated. It will be important to identify the risks to project implementation, respond to the emerging risks and develop corrective measures in cooperation with other institutions.

Current cooperation with the Financial Mechanism Office and Intermediate Bodies/Auxiliary Institutions will be conducted in order to exchange information on the state of projects implementation and efficient decisions of all stakeholders.
8.2 Project monitoring

Actions related to monitoring of implementation of projects from all calls for proposals will be conducted. These actions will cover periodic reporting as regards projects implementation and site visits. The site visits, apart from the external site visits carried out by the Donor states, will be carried out by the Polish party to a large extent putting special emphasis on the role of the Intermediate Bodies and Auxiliary Institutions. The National Focal Point will supervise the whole process of implementation and monitoring of the aforementioned projects at each stage of their delivery, as well as it will actively participate in the control system of individual projects. Further meetings of the Monitoring Committee will also be organised.

8.3 Payments

Taking account of the fact that 2010 is the last full year of resources expenditure a lot of attention will be directed at the disbursement of contracted resources. Given a high level of not yet spent amount of the allocation it should be estimated that in 2010 many beneficiaries will spent the resources and apply for reimbursement of considerable amounts. It will be also necessary to undertake activities aimed at timely completion of project implementation, their proper settlement and disbursement of the entire awarded amount.

8.4 Block Grants implementation

All through 2010 the works will be continued as regards the Technical Assistance Fund in line with the reported need for resources. Three last calls for proposals will be announced under the Scholarship and Training Fund and the Cultural Exchange Fund in the 1st quarter of 2010. These will be the last calls for proposals under the 2004-2009 edition of the Financial Mechanism. Moreover, the process of project implementation and monitoring will be continued under the following Funds: Fund for Non-governmental Organisations and Polish-Norwegian Research Fund.

8.5. Information and publicity

The information and publicity policy will be focused on providing information to activities summarising the results of implementing the Financial Mechanism in 2004-2009. The summarising activities will be undertaken by both the National Focal Point, as well as individual institutions engaged in the FM implementation. The FM website: www.eog.gov.pl and the websites of IB/AI/Operators will be updated on a current basis.
9. Summary

On 30 April 2009 expired the period for making commitments under the Norwegian Financial Mechanism and the EEA Financial Mechanism for 2004-2009. Consequently 100% of the allocation was committed, i.e. the amount of EUR 528,171,435 for implementation of 413 individual projects and programmes under 10 priority sectors and 6 Block Grants.

From the beginning of programme implementation the total amount of resources transferred to the Beneficiaries of individual projects constituted EUR 163.8 million, which is almost 39% of the amount of agreements signed with the Beneficiaries for projects and programme implementation (including approx. EUR 98.2 million in 2009).

Within the scope of Block Grants from the beginning of programme implementation the resources transferred to the Operators amounted to EUR 48.17 million, which constitutes 55% of the value of agreements concluded (including approx. EUR 23.24 million in 2009).

In general, as of 31 December 2009 under individual projects and programmes, as well as Block Grants approx. EUR 211.97 million were spent, which consists in 41.5% of the total amount contracted by IB/AI with the Beneficiaries and NFC with the Operators. It is also noteworthy, that in 2009 the resources transferred to the Beneficiaries and Operators were almost twice as high as all the resources paid within the framework of the Financial Mechanisms until the middle of 2007.

Moreover, the average progress in project implementation according to the Project Implementation Plan under all three calls for proposals at the end of the 3rd quarter of 2009 amounts to approx. 67%, which means that over 2/3 of the assumed plan was achieved.

Until the end of 2009 the Beneficiaries completed the implementation of 41 projects. Furthermore, at the end of the reporting period 15 Project Completion Reports were being elaborated by individual Beneficiaries or verified by the IB/AI, NFP.

In 2009 the Polish party carried out controls in respect to 45% of projects implemented under the Financial Mechanism.

Within the scope of Block Grants implementation last calls for proposals under the Fund for Non-governmental Organisations were announced. It is expected that the last calls for proposals will be carried out in 2010 within the framework of the Cultural Exchange Fund and the Scholarship and Training Fund. Moreover, works within the scope of implementing other Funds were carried out. Furthermore, as a result of resources de-commitment under individual projects and programmes by way of a Donors’ decision of April 2009 the allocation of the Cultural Exchange Fund was increased by 138% and the allocation of Polish-Norwegian Research Fund was increased by 65%. It enabled co-financing of a greater number of projects.

In 2009 the information and publicity measures were focused mainly on providing information to the public on the results of implementing the Financial Mechanism in Poland. The greatest events encompassed the FM promotion during the two-day European Funds Forum (it was attended by approx. 1,500 persons each day) and broadcasting of 8 radio broadcasts in the Program 3 of the Polish Radio (each of them was listened by nearly 400 thousand persons).