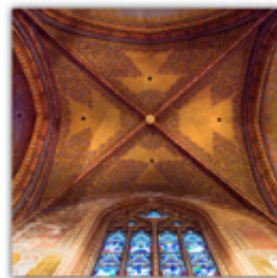




NORWEGIAN MINISTRY
OF FOREIGN AFFAIRS

Meld. St. 20 (2011–2012) Report to the Storting (white paper)

EEA and Norway Grants Solidarity and cooperation in Europe





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Content

1	Introduction	5	5	Objectives for the period 2009–14	28
2	Developments in the beneficiary states and Norwegian interests	8	5.1	Norway's contribution to reducing economic and social disparities	28
2.1	Fundamental changes in the Baltic and Central European countries	8	5.2	Objectives of the bilateral cooperation	29
2.2	Economic challenges	9	5.3	Negotiations with the beneficiary states	30
2.3	Social development	10	5.4	Objectives for the priority sectors	31
2.4	Governance and political trends ...	12	5.4.1	Environmental protection and management	31
2.5	Norway's relations with the beneficiary states	12	5.4.2	Climate change and renewable energy	32
3	Results of the EEA and Norway Grants scheme 2004–09	15	5.4.3	Carbon capture and storage	33
3.1	Implementation	15	5.4.4	Green industry innovation	33
3.2	Reducing social and economic disparities in the EEA	16	5.4.5	Health	33
3.3	Partnerships and strengthening of bilateral relations	16	5.4.6	Gender equality	34
3.4	Important results in the various sectors	17	5.4.7	Asylum and migration	34
3.5	Results in selected beneficiary states	17	5.4.8	Vulnerable groups of children and young people	34
3.5.1	Poland	19	5.4.9	Local and regional development ...	34
3.5.2	The Czech Republic	20	5.4.10	Cross-border cooperation	35
3.5.3	Romania	20	5.4.11	Civil society	35
3.5.4	Latvia	20	5.4.12	Research and scholarships	35
4	Lessons learnt	22	5.4.13	Cultural heritage and cultural exchanges	36
4.1	Conclusions and recommendations of external evaluations	22	5.4.14	The Fund for the Promotion of Decent Work and Tripartite Dialogue	36
4.2	More systematic facilitation of partnerships with Norwegian actors	22	5.4.15	Justice	36
4.2.1	A firm basis in the agreements with the EU	22	5.5	Special concerns	37
4.2.2	Programme cooperation	22	5.5.1	Council of Europe	37
4.2.3	Project partnerships	24	5.6	Programmes in the individual beneficiary states	38
4.2.4	Networking and knowledge exchange	24	5.6.1	Estonia	38
4.3	More focused efforts	25	5.6.2	Latvia	38
4.4	Better risk management	25	5.6.3	Lithuania	39
4.4.1	Major risk factors	26	5.6.4	Poland	39
			5.6.5	The Czech Republic	40
			5.6.6	The Slovak Republic	40
			5.6.7	Hungary	41
			5.6.8	Slovenia	41
			5.6.9	Romania	42
			5.6.10	Bulgaria	42
			5.6.11	Portugal	43
			5.6.12	Spain	43
			5.6.13	Greece	43
			5.6.14	Cyprus	43
			5.6.15	Malta	44

6	Performance and risk management	45	6.3	Transparency	46
6.1	Administration	45	6.4	Risk assessments, control and audit	46
6.2	Verifiable objectives	45	7	The way ahead	48

EEA and Norway Grants

Solidarity and cooperation in Europe

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*Recommendation from the Ministry of Foreign Affairs of 27 April 2012,
approved in the Council of State on the same date.
(White paper from the Stoltenberg II Government)*

1 Introduction

Ever since the establishment of the European Economic Area (EEA) in 1994, Norway has provided funds for reducing economic and social disparities in the EEA. Since 1994, the funding provided to the less prosperous countries in the EU through various grant mechanisms has amounted to EUR 3 272.5 million, EUR 1 788.5 million of which is being made available for the period 2009–14. After the EU enlargement of 2004 the scheme was divided in two: the Norway Grants, which are entirely funded by Norway, and the EEA Grants, to which Iceland and Liechtenstein also contribute.

The grant scheme came about as a result of Norway's participation in the internal market in the areas covered by the EEA Agreement. The grants were negotiated in parallel with the negotiations on improved market access for seafood, which is an area where the EEA Agreement does not provide for full market access.

The objective of the EEA and Norway Grants is to reduce social and economic disparities in the EEA, and they are intended to put the beneficiary states in a better position to make use of the internal market. This is in the interests of both Norway and the beneficiary states. Innovation and busi-

ness development, research and education are crucial to long-term growth and sustainable development in Europe, and these are key areas for support under the Grants. *Europe 2020*, the EU's new growth strategy, has five target areas: employment, R&D, climate change/energy, education and poverty/social exclusion, and puts more weight than previously on social inclusion.

The financial crisis has affected Europe in many different ways. It is having widespread consequences for individuals and societies in the form of growing unemployment, reduced welfare and tough restructuring processes. The new austerity measures are primarily affecting vulnerable groups such as young people, minorities and those who already have few resources. Public welfare cuts are increasing social disparities and social marginalisation. This in turn is weakening public confidence in democratic institutions and creating a breeding ground for xenophobia and extreme nationalism. On the other hand, the financial crisis has also resulted in some necessary changes being made. The EEA and Norway Grants are one of the ways in which Norway contributes. The scheme is a clear expression of solidarity, strengthening as it does fundamental Euro-

Table 1.1 Allocation of funds under the EEA Grants for the period 2009–14

Beneficiary states	Support (EUR million)	% of total allocation
Poland	266.90	27.00 %
Romania	190.75	19.30 %
Bulgaria	78.60	7.95 %
Hungary	70.10	7.09 %
Greece	63.40	6.41 %
Czech Republic	61.40	6.21 %
Portugal	57.95	5.86 %
Spain ¹	45.85	4.64 %
Lithuania	38.40	3.89 %
Slovak Republic	38.35	3.88 %
Latvia	34.55	3.50 %
Estonia	23.00	2.32 %
Slovenia	12.50	1.27 %
Cyprus	3.85	0.39 %
Malta	2.90	0.29 %

¹ Spain will receive transitional support for the period 1 May 2009–31 December 2013.

pean values such as democracy, tolerance and the rule of law. For example, support is being given to civil society, research, and the environment, crucial areas that are under pressure in the current crisis.

The scheme is also intended to strengthen relations between Norway and the beneficiary states, as explicitly stated in the agreement with the EU on the EEA and Norway Grants 2009–14. In this way the Grants have also become an instrument of Norwegian foreign policy. Steps will be taken to facilitate participation, where relevant, by NGOs, companies, research institutions, public agencies and others.

Most of the projects under the EEA and Norway Grants 2004–09 have now been completed. The final evaluation showed that they have been successful, and have helped to reduce social and economic disparities in the EEA. They have provided support in areas where little EU funding has been available, such as civil society, judicial reform and cultural heritage. They have also made funding available for small projects targeted

Table 1.2 Allocation of funds under the Norway Grants for the period 2009–14

Beneficiary state	Support (EUR million)	% of total allocation
Poland	311.2	38.9 %
Romania	115.2	14.4 %
Hungary	83.2	10.4 %
Czech Republic	70.4	8.8 %
Bulgaria	48.0	6.0 %
Lithuania	45.6	5.7 %
Slovak Republic	42.4	5.3 %
Latvia	38.4	4.8 %
Estonia	25.6	3.2 %
Slovenia	14.4	1.8 %
Cyprus	4.0	0.5 %
Malta	1.6	0.2 %

at very specific groups and areas. They have thus been a useful supplement to the EU funding available for developing social structures in the beneficiary states. However, since the Grants are small compared with EU internal transfers and the beneficiary states' own budgets, it is not always possible to document specifically how they have contributed to development in these countries. The Norwegian partners that have participated in many of the projects have made a positive contribution to the results.

The experience gained in 2004–09 led to important changes being made for the period 2009–14. Rather than funding individual projects, the Grants now fund large-scale programmes consisting of several individual projects in which Norwegian partners can participate. The new programme model facilitates performance management, but it can also entail uncertainties about implementation capacity in some countries and sectors, and particular attention will be paid to risk management. However, so far few irregularities have been registered.

The general objectives of the EEA and Norway Grants influence the selection of programme areas in the individual country. The focus for the period 2009–14 is on areas that are crucial for development in the beneficiary states and where there is also interest in and a potential for coopera-

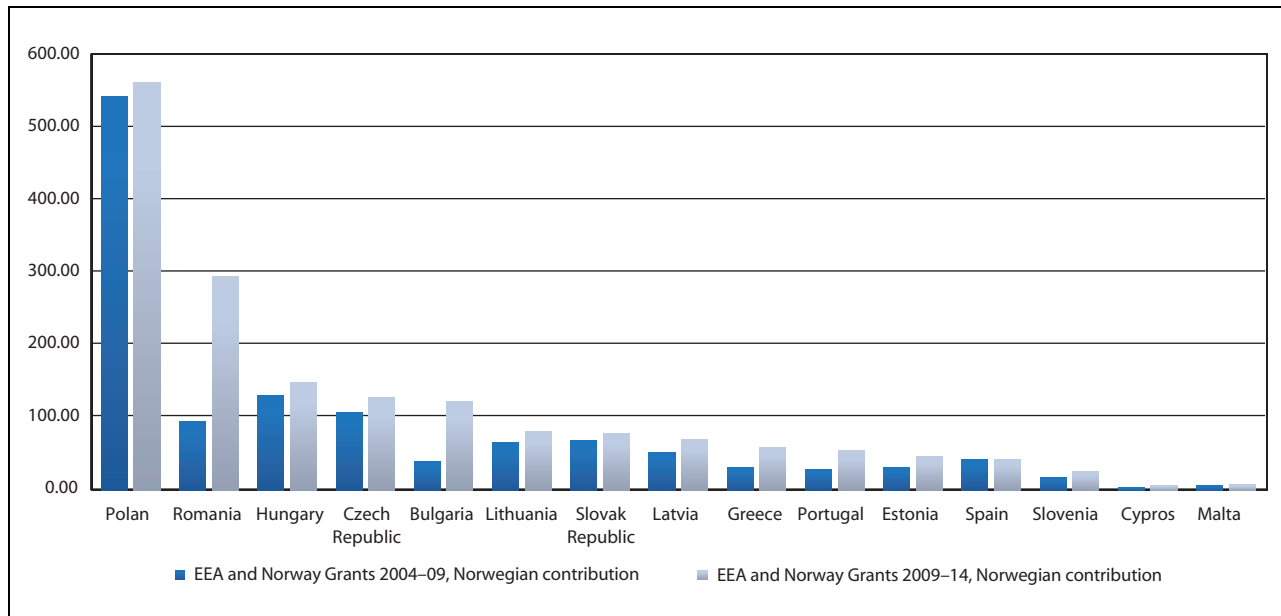


Figure 1.1 EEA and Norway Grants 2004–09 and 2009–14. Norway's contribution in EUR million.

The figure shows the total Norwegian contribution in the periods 2004–09 and 2009–14 respectively. The increase from 2004–09 to 2009–14 corresponds to 22 % of the annual funding since Bulgaria and Romania joined the EU in 2007.

tion with Norwegian partners. Importance has been attached to balancing these considerations in the negotiations with individual countries.

With its annual contribution of EUR 357.7 million for the period 2009–14, Norway is an important partner for the less prosperous EU countries. Developments in these countries are of interest to Norway, because they influence the European agenda and because our ties with them are becoming increasingly close. The Government's

intention is that the Grants will be used to support positive developments in the beneficiary states and to strengthen their ties with Norway.

The purpose of this white paper is to present the results that were achieved in the period 2004–09, and to give an account of the objectives for the period 2009–14. The performance management system, including risk management, is also described.

2 Developments in the beneficiary states and Norwegian interests

Today the EEA consists of 30 European countries. Most of the countries that receive support through the EEA and Norway Grants became members after the fall of communism. EU enlargement has made the EEA even more important to Norway and for Norwegian economic relations. Norway has extensive economic relations with Europe; over 80 % of our foreign trade is with the EEA countries. Economic and political stability in Europe is in all our interests. Today, however, several of the beneficiary states are suffering from the consequences of the financial crisis, which has led to slow economic growth and high unemployment.

There are considerable differences between the beneficiary states. This applies to the former East-bloc countries, although many of the chal-

lenges they face are similar. In the same way, the beneficiary states in southern Europe have individual differences but a number of challenges in common. Slovenia is so far the only country in the former Yugoslavia that is a member of the EU, but Croatia is expected to join on 1 July 2013.

2.1 Fundamental changes in the Baltic and Central European countries¹

The Baltic and the Central European countries have all undergone a series of difficult and rapid

¹ Estonia, Latvia, Lithuania, Poland, the Czech Republic, the Slovak Republic, Hungary, Romania, Bulgaria and Slovenia



Figure 2.1 Both the President of Cyprus and the head of the Turkish Cypriot community attended the opening of the Home for Cooperation (H4C) in the UN buffer zone in Nicosia. The H4C, which is a unique meeting place for the two communities that inhabit the island, was built with financial support from the EEA and Norway Grants.

Photo: Ministry of Foreign Affairs

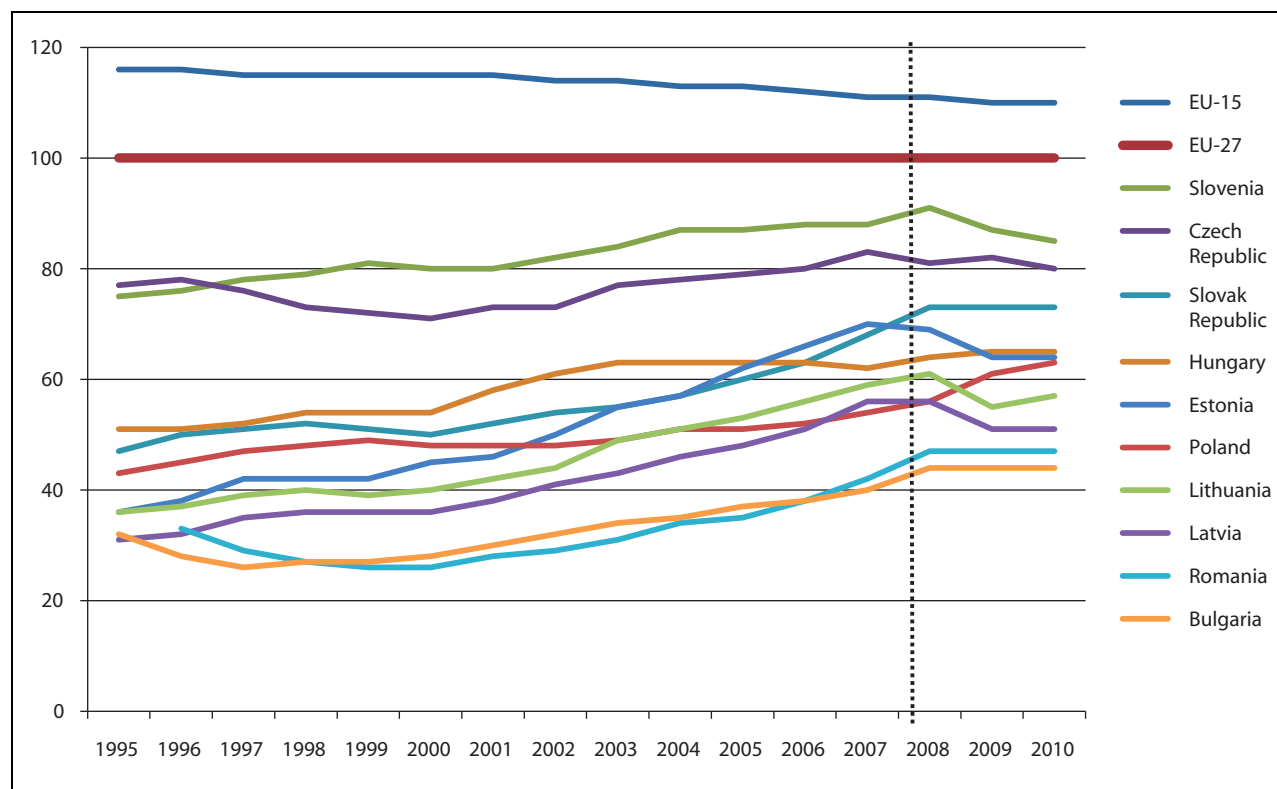


Figure 2.2 Per capita GDP in the Baltic and Central European countries in relation to the average in the EU countries (EU27)¹

¹ Based on Eurostat figures

changes over the last 20 years. In just a few years, communist rule, a command economy and affiliation with COMECON, the Warsaw Pact, and the other international structures in the Soviet Union's sphere of dominance, were replaced by democracy, a market economy and membership of European and transatlantic organisations like the EU and NATO.

These countries' desire for membership of the EU and NATO has shaped their development since the mid-1990s. They have faced huge political and economic problems and have had to implement major reforms in order to fulfil the requirements for membership of these organisations. Some of them had regained their independence after the fall of communism and had to undertake a comprehensive process of state- and nation-building as well. This said, the Baltic and Central European countries have undergone an impressive reform and development process. Today they are members of the EU, NATO and other international organisations for which democratic governance and a market economy are requirements. However, this does not mean that all the reforms have been completed.

2.2 Economic challenges

The Baltic and Central European countries became members of the EU in 2004. For the first few years they experienced strong economic growth, and some of them had a substantial increase in per capita GDP. The strong growth resulted in a marked increase in prosperity up to 2009. Per household income in the eight countries that became members in 2004 had been about half that of the EU average in 2000, but by 2009 it had risen to almost two-thirds. This positive trend was only broken when the financial crisis took effect.

The financial crisis hit the Baltic and Central European economies very hard in 2009, and in most of them GDP declined considerably. Most of these economies are open and relatively small, with a high level of foreign investment, which makes them vulnerable to international developments. They are also closely integrated into the European economy in various ways, for example through foreign ownership, debt and dependence on exports, and are therefore affected by developments in the European market. The financial crisis has also resulted in a marked increase in their government debts. This means that they have

limited opportunities for addressing the economic downturn by introducing measures to stimulate the economy. The Central European countries are easily affected by problems in the European bank and finance institutions that have large ownership interests in their financial sectors. Productivity continues to be markedly below the EU average.²

*The southern European countries*³ have also been hard hit by the financial crisis. Greece was the first southern European country to negotiate a bailout package from the European Central Bank and the International Monetary Fund. In March the country received a new bailout package and the government debt to private creditors was written down. In 2011 Portugal was also forced to seek help, and Spain is now in serious difficulties. However, the problems are not the same in all of them. Greece is in a particularly difficult situation, and needs to strengthen its institutions, improve budget management and tax collection, and undertake comprehensive structural reforms. Portugal has similar problems to Greece, but a far better starting point for addressing them. In Spain public finances, the banking sector and the labour market are all facing serious problems. In all these countries the industrial sector has a high share of low-technology industries such as the manufacture of textiles and footwear, a type of production that is increasingly being taken over by emerging economies like China and India. The trends in labour costs in Greece, Portugal and Spain have not matched their rather moderate trends in productivity, which has resulted in a loss of competitiveness and large trade deficits. Low growth capability and high unemployment have made it difficult for these countries to solve their problems through economic growth, and it is crucial for them to undertake reforms that improve their growth capability.

Cyprus and Malta are small, vulnerable economies that are sensitive to international economic fluctuations. So far their debt situation is under control, but Cyprus is very vulnerable to the economic crisis in Greece. There are also large differences in the economy between the Republic of Cyprus and the Turkish Cypriot area in the north.

2.3 Social development

The Baltic and Central European countries inherited the unwieldy, ineffective social welfare systems of the communist era. The tough restructur-

Table 2.1 United Nations Human Development Index 2011¹

Rank	Country	Index
1	Norway	0.943
3	Netherlands	0.910
7	Ireland	0.908
8	Liechtenstein	0.905
9	Germany	0.905
10	Sweden	0.904
14	Iceland	0.898
16	Denmark	0.895
18	Belgium	0.886
19	Austria	0.885
20	France	0.884
21	Slovenia	0.884
22	Finland	0.882
23	Spain	0.878
24	Italy	0.874
25	Luxemburg	0.867
27	Czech Republic	0.865
28	United Kingdom	0.863
29	Greece	0.861
31	Cyprus	0.840
34	Estonia	0.835
35	Slovak Republic	0.834
36	Malta	0.832
38	Hungary	0.816
39	Poland	0.813
40	Lithuania	0.810
41	Portugal	0.809
43	Latvia	0.805
50	Romania	0.781
55	Bulgaria	0.771

¹ The table shows the countries in order of performance (out of a total of 187 countries) and their score on a scale of 1 to 0.

² OECD figures

³ Spain, Portugal, Greece, Cyprus and Malta

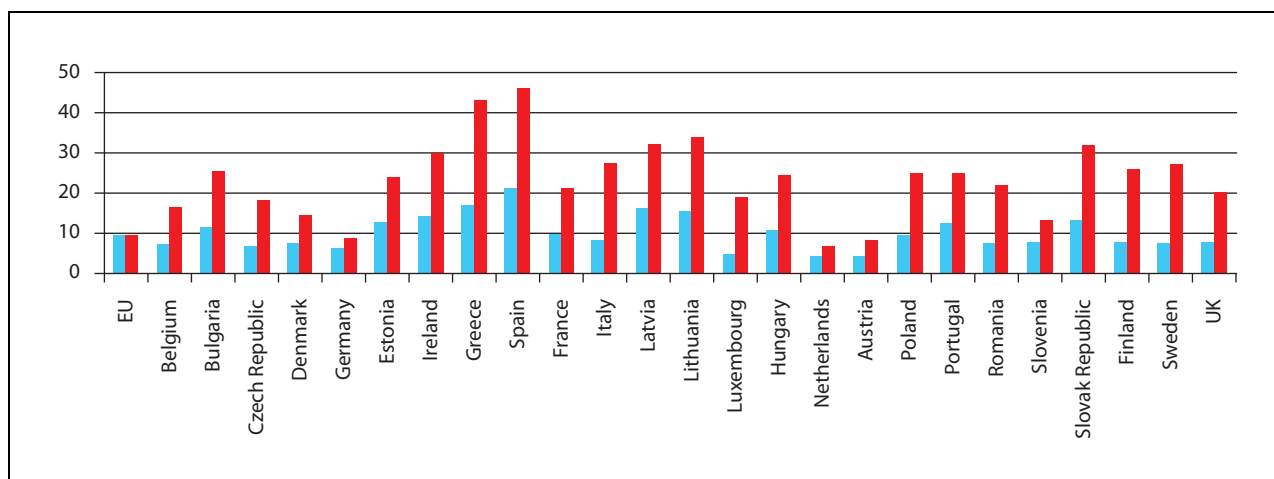


Figure 2.3 Unemployment in Europe, second quarter, 2011. Blue: 15–74 years, red: youth unemployment, 15–24 years.

Source: Eurostat

ing processes that were carried out in the 1990s, with their welfare cuts,⁴ have resulted in many social challenges, and the situation has been aggravated by the financial crisis and subsequent high unemployment. Although general prosperity has increased considerably, wealth is unevenly distributed. This means that in these countries there are larger social groups particularly vulnerable to recession than there are in Western Europe. According to Eurostat's definition,⁵ 17.1 % of the population of the EU were in a vulnerable financial situation in 2009, while in the Baltic and Central European countries the proportion was much higher. However, there were large variations: the Czech Republic, Estonia and Slovenia were at about the same level as the EU average, while for the others the proportion varied from 24.5 % (the Slovak Republic) to 55.5 % (Bulgaria).

Since the Baltic and Central European countries joined the EU, many of their inhabitants have taken the opportunity to seek employment

abroad, although the proportion of the population who consider emigrating is above the EU average only in the Baltic countries.⁶ Crime in the Baltic and Central European countries has in general declined since EU membership, but although the situation has improved there are still major challenges in the justice sector.

The southern European countries are marked by large income disparities and uneven growth. Social welfare payments such as social security and unemployment benefits are small, and the family constitutes an important social security network. Much of the work of relieving social distress is done by NGOs. The financial crisis has had serious consequences. Although cuts in the public sector and higher taxes are affecting groups at every social level, groups that were already vulnerable are being especially hard hit by the austerity measures. As the crisis develops, unemployment in the southern European countries is rising, with all that this entails. This is particularly evident in Spain, where unemployment is over 20 %. High youth unemployment is a problem in all the southern European countries, especially Spain. Increasing numbers of people in southern Europe are willing to emigrate in order to find jobs, especially the young and the well-qualified.

⁴ Source: Eurostat. While the EU average for social protection was 26.4 % of GDP (*Expenditure on Social Protection*), the average for the 10 new member states in the Baltic and Central Europe was 17.1 %, and all of them were below the EU average.

⁵ Eurostat (*Statistical Portraits of the Social Situation 2010*) uses the term "material deprivation", which is defined as an enforced lack of at least three of the nine following items: ability to meet unexpected expenses, ability to pay for a one-week annual holiday away from home, existence of arrears (mortgage or rent payments, utility bills, etc.), capacity to have a meal with meat, chicken or fish every second day, capacity to keep home adequately warm, and possession of a washing machine, a colour TV, a telephone or a personal car.

⁶ Eurobarometer 2011. The EU-27 average for the proportion of respondents who report that they will probably emigrate at some point during the next 10 years is 11 %. The only Baltic/Central European countries with a higher proportion are Estonia (15 %), Lithuania (24 %) and Latvia (34 %). In the Czech Republic the proportion is as low as 4 %.

Table 2.2 Transparency International's Corruption Perception Index, ranking countries in terms of how corrupt their public sector is perceived to be¹

	2000		2011	
	Score	Rank	Score	Rank
Estonia	5.7	27	6.4	29
Cyprus	-	-	6.3	30
Spain	7	22	6.2	31
Portugal	6.3	25	6.1	32
Slovenia	5.5	28	5.9	35
Malta	-	-	5.6	39
Poland	4.1	43	5.5	41
Lithuania	4.1	43	4.8	50
Hungary	5.2	32	4.6	54
Czech Republic	4.3	42	4.4	57
Latvia	3.4	57	4.2	61
Slovak Republic	3.5	52	4.0	66
Romania	2.9	68	3.6	75
Greece	4.2	42	3.4	80
Bulgaria	3.5	52	3.3	86

¹ A score of 10 indicates that a country is perceived as very clean, while 0 indicates that a country is perceived as highly corrupt. A country's rank indicates its position relative to the other 181 countries in the index.

2.4 Governance and political trends

While economic and social development in the Baltic and Central European countries is moving towards the EU average, the political trends are dissimilar. In several of these countries political life is marked by a high level of conflict, little consensus, a focus on personal conflicts in the public debate, a lack of transparency in political party funding, and a nebulous network of power relations, where political and economic interests are intertwined.

In some of these countries extreme right-wing nationalist movements and ethnic conflicts are increasing, and the Roma are a particularly vulnerable group.

It is important that civil society in these countries is further developed so that it can effectively promote democratic standards and serve as a corrective to parliamentary democracy and as an arena for broad public participation in political processes. One of the objectives of the EEA and Norway Grants is to support civil society in this

role. NGOs in Central Europe are in a far more difficult financial situation than they were 10–15 years ago.

Corruption is a major challenge in many of the beneficiary states. Transparency International's Corruption Perception Index shows negative trends for Bulgaria, Greece, Spain, Portugal and Hungary, although the trend is positive in the remaining countries.

The new member states have established positions within the EU in different ways. During its EU Presidency, Poland established a position as an important actor in EU cooperation.

2.5 Norway's relations with the beneficiary states

The liberation of the Baltic countries paved the way for a new neighbourhood policy for the Nordic countries, and new forms of cooperation were established. Today the Nordic and Baltic prime ministers meet once a year, and so do other minis-

ters and the presidents of the various parliaments. In Norway the liberation of these countries was met with great interest and enthusiasm among the general public, with the active involvement of many local authorities. Today there is extensive contact between companies, artists and civil servants in the Nordic and Baltic countries. Nordic–Baltic cooperation also includes foreign policy consultations and practical cooperation in a number of areas. In the Council of the Baltic Sea States, which was established in 1992, Norway cooperates with the Baltic countries and Poland on environmental and climate change issues, human trafficking and international crime. The Council of Europe, which the Baltic and Central European countries joined in the first half of the 1990s, provides an important meeting place in which to discuss human rights, democracy and the principles of the rule of law. The same applies to the Organization for Security and Co-operation in Europe (OSCE). However, for all these countries the main foreign policy priority has been membership of NATO and the EU.

In 2001 Norway drew up an action plan for the 12 applicant countries to the EU, which was later expanded to include Romania and Bulgaria as well. The objective was twofold: to support the countries' integration into the EU/EEA, and to strengthen their ties with Norway, with particular focus on our ties with the Baltic and Central European countries. Almost NOK 300 million was allocated to various measures towards these objectives. The action plan was a success, and in many of the countries it laid the foundation for further cooperation after they had become EU members. Today all the countries receive funding from the EEA and Norway Grants.

Trade between Norway and the Baltic and Central European countries has increased, and today they are important trading partners for Norway. Since they joined the EU in 2004 (Bulgaria and Romania in 2007), total Norwegian exports to these countries have risen from NOK 9.3 billion to NOK 24.6 billion in 2010. The percentage rise in Norwegian exports to the region was higher than that to the EU as a whole. These countries have also proved to be attractive export partners in times of economic crisis; Norwegian exports to the region were higher in 2011 than they had been before the financial crisis.

Research cooperation between Norway and the Central European countries has increased steadily over the last 15–20 years. Norway has developed close cooperation with Poland especially, but contact has also increased with the Czech

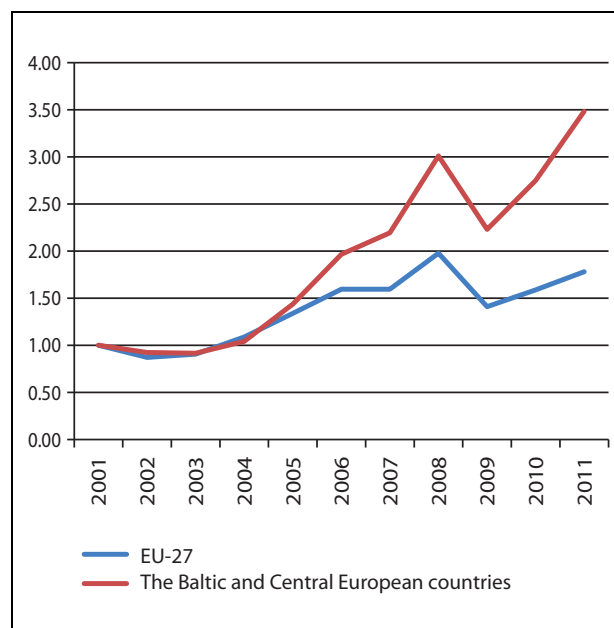


Figure 2.4 Norwegian exports to the EU and the Baltic and Central European countries in 2001–11 expressed as percentage changes from 2001.

Source: Statistics Norway

Republic and Hungary, measured in terms of co-publishing and cooperation under the EU Framework Programmes for Research and Technological Development. An evaluation has shown that the cooperation has not only strengthened Norway's partners but also Norway itself. These countries have a strong academic tradition in fields that are valuable for Norway such as physics and mathematics. At the same time Norwegian research communities have made important contributions to projects in the natural sciences, for example by sharing Norway's tradition of adopting a cross-disciplinary approach to research problems.

Several Central European countries have become popular places for Norwegian students wishing to take all or part of their degrees abroad. While the most popular countries for Norwegian students are still the UK, Denmark and the US, there has been a strong increase in the number of students in Poland, which rose from 380 in the academic year 2001–02 to 1 383 in 2010–11. Today Hungary and Slovak Republic also have many Norwegian students, most of whom are studying for the professions.

The number of students in Norway from the Baltic and Central European countries has also risen. The total number of foreign students to take a PhD in Norway doubled from 1990–99 to 2000–09, and over the same period the number of candidates from the Baltic and Central European coun-

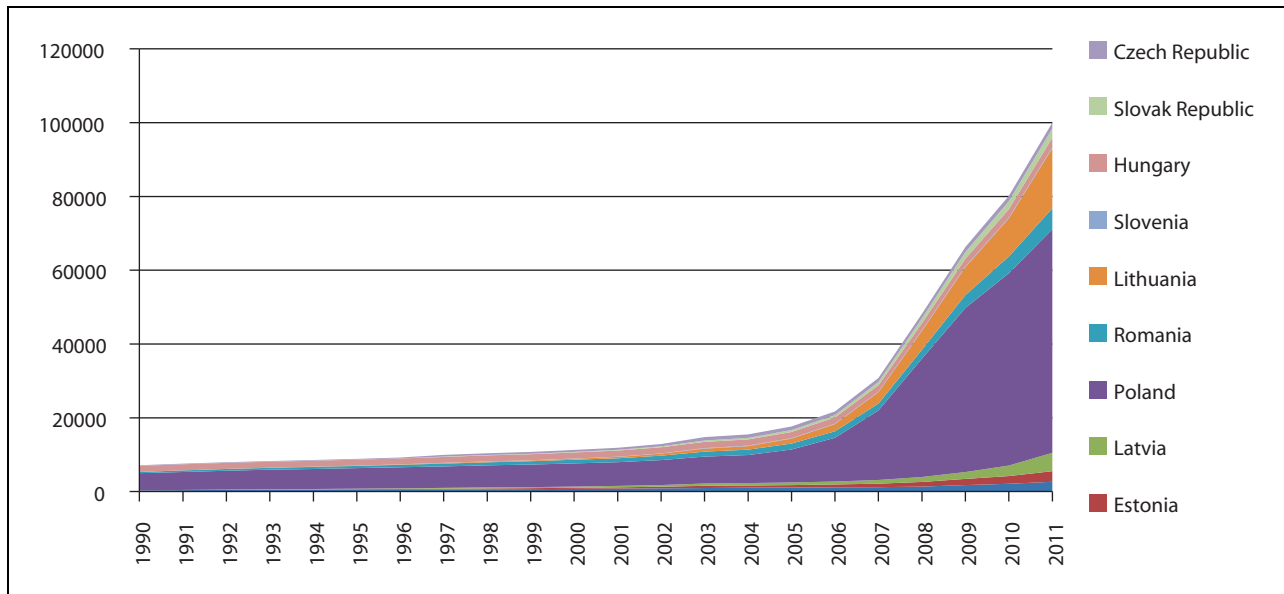


Figure 2.5 Immigration¹ to Norway from the Baltic and Central European countries.

¹ According to Statistics Norway's definition: immigrants and Norwegian-born individuals with two immigrant parents.

Source: Statistics Norway

tries increased tenfold; in 2010, 41 candidates from these countries took their PhDs at Norwegian higher education institutions.

Since the EU enlargement of 2004, immigration from the Baltic and Central European countries to Norway has increased substantially, mainly due to labour migration. Today Poles are the largest immigrant group, numbering around 60 000. In comparison, the next largest group, Swedes, numbers around 35 000, and Lithuanians around 16 000. These numbers do not include employees who are not registered as immigrants. At present most immigrants to Norway come from the new EU countries. Labour migration

from these countries has contributed to the highest net immigration Norway has ever experienced. This has had positive effects on the Norwegian economy. Badly needed labour has become available, resulting in more people-to-people contact and increasing Norwegians' interest in, attention to and knowledge of these countries.

The developments in the areas of trade, immigration, and cooperation in research and higher education show that the new EU members are becoming increasingly important to Norway. Poland and the Baltic countries are especially important because of their geographical proximity.

3 Results of the EEA and Norway Grants scheme 2004–09

3.1 Implementation

By 30 April 2009, the deadline for awarding grants, all the funds under the EEA and Norway Grants had been allocated to 1 250 projects and funds in the beneficiary states. By 30 April 2011, the deadline for completion, 1 106 projects had been completed. One hundred and nine projects had received a one-year extension and 35 had not yet been completed or had been cancelled before completion. About 97 % of the projects had been completed by the end of April 2012, which is a high percentage compared with the completion rate for EU funds and programmes. However, there are large variations between the beneficiary states. For example, Poland is expected to com-

plete over 95 % of its projects, while in Greece only about half are likely to be implemented.

The final evaluation of the EEA and Norway Grants 2004–09⁷ pointed to a number of factors that contributed to the high proportion of completed projects. The first is that there was fierce competition for funding and the project selection process was very thorough. Secondly, the projects have been closely followed up by the donor states and by the beneficiary states themselves, and external expertise was used for the appraisal process and to monitor performance. Thirdly, the projects were relatively small, which made monitoring easier. The final evaluation concluded that

⁷ Nordic Consulting Group (2012) *EEA and Norway Grants, End Review*



Figure 3.1 Improving energy efficiency in buildings is one of the most effective means of reducing greenhouse gas emissions. This building in Busko, Poland, is one of seven school buildings that have been reinsulated and given new windows and doors.

Photo: Ministry of Foreign Affairs

the completion rate of the projects under the EEA and Norway Grants had been higher than that of EU-financed programmes.

About 90 % of the funding is expected to be disbursed. The remainder consists mainly of savings due to lower costs, down-scaling of projects, and delayed or cancelled projects. These funds have been retained by the donor states.

Implementation of the projects has been closely monitored, both by the donors and by the individual beneficiary state. Few serious breaches of the rules were detected in the period 2004–09. Those that did occur consisted mainly of deviations from public procurement procedures, lack of building permits, a shortage of co-financing in the private sector and use of funds to cover costs that were not refundable. In such cases the sum disbursed for the project was reduced by a corresponding amount, or a demand for reimbursement was issued. In a few cases fraud or mismanagement of funds was detected, and these cases were properly dealt with.

3.2 Reducing social and economic disparities in the EEA

The final evaluation concluded that the EEA and Norway Grants 2004–09 have helped to reduce social and economic disparities in Europe. However, since in many sectors the funding under the grants scheme is small compared with EU internal transfers and the beneficiary states' own budgets, it is not always possible to document exactly

how the Grants have contributed to development in these sectors at the national level. On the other hand, the projects have been in line with national strategies for economic and social development, and in some sectors their impacts are also highly visible at the national level. Support for civil society has increased the capacity of NGOs and given them a stronger role in society as a whole. Another example is projects in the health and childcare sector, which have benefited 6 % of Polish children.

The individual projects were relatively small. This has made it easier to target priority groups such as ethnic minorities, children and persons with disabilities, and priority areas such as economically disadvantaged geographical areas. The final evaluation showed that in the largest beneficiary states over 30 % of all projects have benefited vulnerable groups.

3.3 Partnerships and strengthening of bilateral relations

The agreements with the EU on the EEA and Norway Grants 2004–09 did not state explicitly that the projects should promote bilateral cooperation between the donor and the beneficiary states. However, when the agreement was being reviewed by the Norwegian Standing Committee on Foreign Affairs and Defence, the Committee expressed a wish that the funds should also be used to strengthen bilateral relations between Norway and these countries.

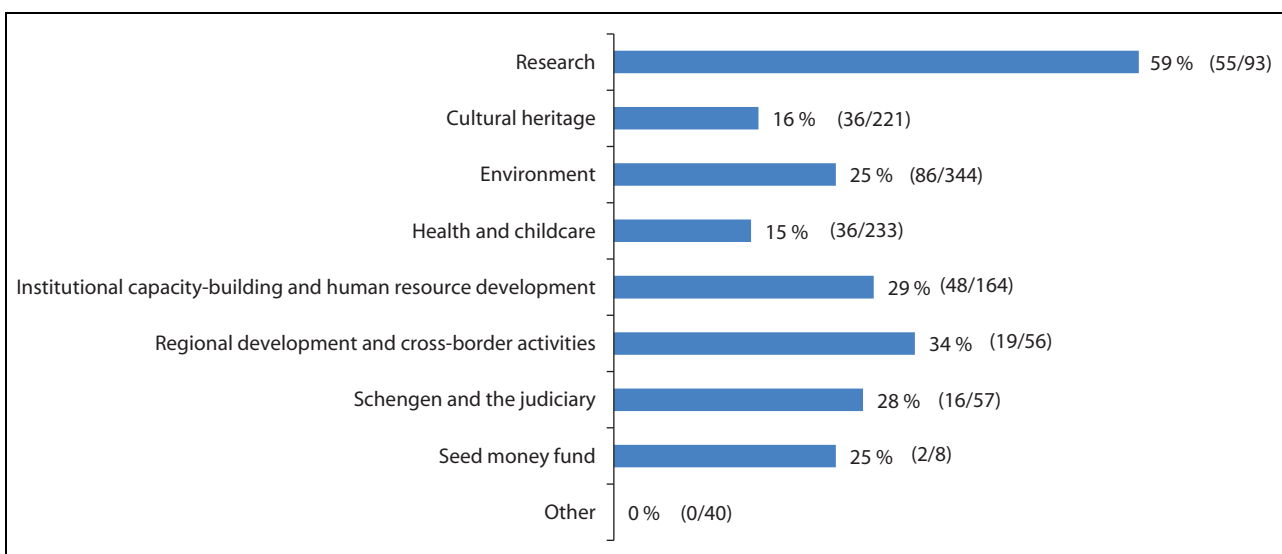


Figure 3.2 Partnership projects¹ 2004–09, by sector (EEA and Norway Grants)

¹ The figure shows partnerships in individual projects; partnerships in funds and programmes are not included.

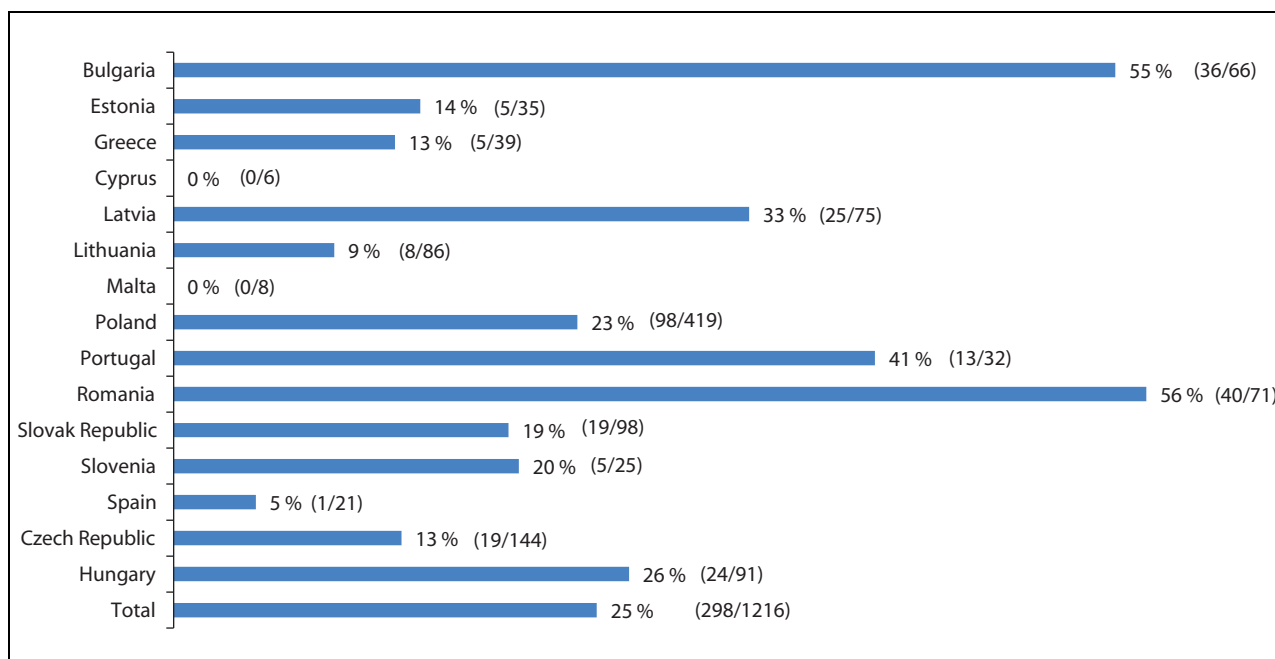


Figure 3.3 Partnership projects¹ 2004–09, by country (EEA and Norway Grants)

¹ The figure shows partnerships in individual projects; partnerships in funds and programmes are not included.

Source: Financial Mechanism Office

The Government has accordingly taken steps to facilitate participation in relevant projects by Norwegian actors such as companies, educational and research institutions, NGOs and government agencies. Thus when Bulgaria and Romania joined the EU in 2007, a requirement was included in the two-year Norway Grants scheme that all projects should under that scheme have a Norwegian partner. In 2008 a separate support scheme for social dialogue was established, under which Norwegian organisations could apply for funding. Bilateral funds for research, scholarships and cultural exchange were also established in some of the beneficiary states.

As a result of these efforts, 298 individual projects, or about 25 % of all projects, have had a partner from a donor state. Most of these were Norwegian. In addition, partnerships were established for about 600 smaller projects financed by funds and programmes. The extent of participation, however, has varied considerably. In some projects the Norwegian partner has been heavily involved in planning and implementation, while in others cooperation has been more limited and ad hoc, for example in the form of study tours for knowledge transfers. The relevance of the partnerships in four beneficiary states was discussed in the final evaluation. Most of the institutions with a Norwegian partner reported that the partnership had been crucial or important for imple-

mentation of the project. This is a high proportion and indicates that the project cooperation was successful.

The grant scheme has also been used as a tool for developing cooperation between Norway and the beneficiary states that extends beyond the cooperation on specific projects. Considerable attention has been paid to the EEA and Norway Grants cooperation on state and official political visits, and the Norwegian embassies in the beneficiary states have worked hard to make Norway's contribution widely known.

3.4 Important results in the various sectors

For details of the results for the various sectors, see the website of the EEA and Norway Grants: www.eeagrants.org.

3.5 Results in selected beneficiary states

The final evaluation on the EEA and Norway Grants provides a more detailed description of four countries: Poland, the Czech Republic, Romania and Latvia. These four received a total of 63 % of the funding for 2004–09.

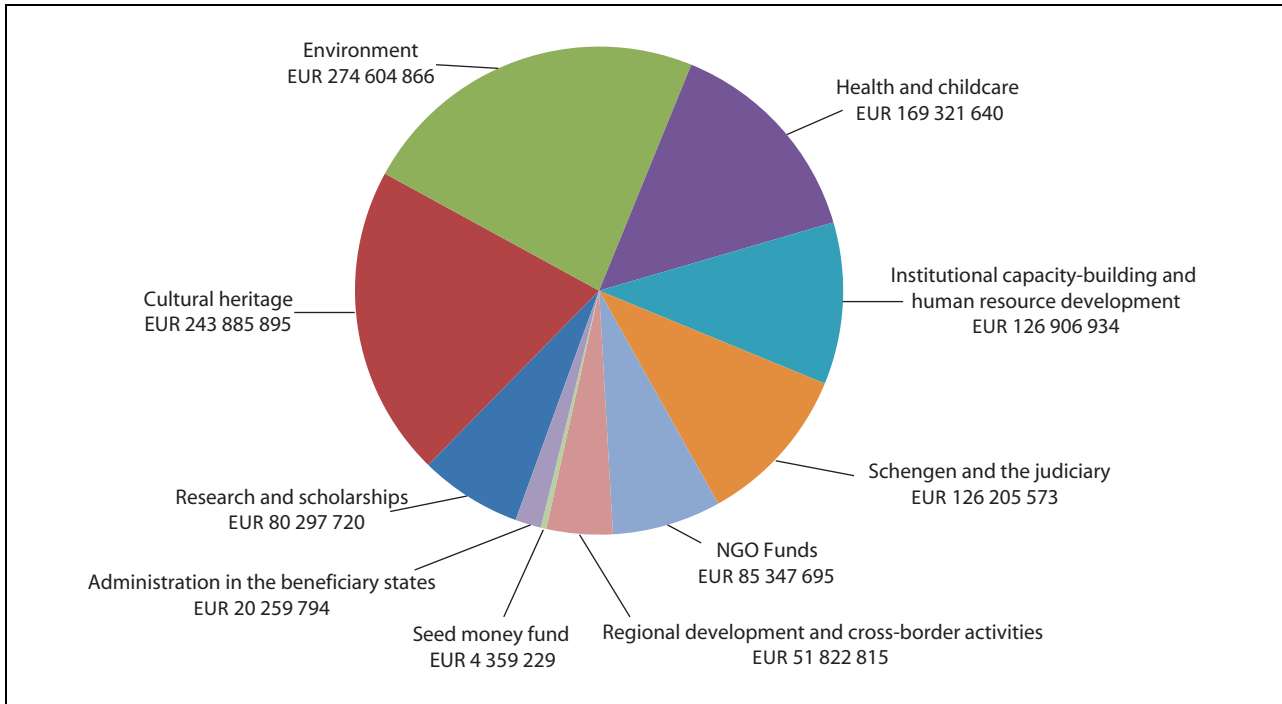


Figure 3.4 EEA and Norway Grants 2004–09, by sector.

Source: Financial Mechanism Office



Figure 3.5 The Cultural Exchange Fund in Poland supported more than 70 projects and promoted extensive cooperation between Norwegian and Polish cultural workers. Teatr Baj, Oslo Teatersenter and the Norwegian Theatre of Cruelty cooperated on the production of Garmanns Verden.

Photo: Teatr Baj

Box 3.1 Cultural exchanges with Poland

The Cultural Exchange Fund for Poland was established in 2008. The Fund amounted to almost EUR 10 million and supported 72 partner projects in a wide range of fields. Seventy-eight Norwegian cultural organisations participated in the organisation of more than 400 cultural events. The projects have had broad geographical distribution in both Norway and Poland. The Fund was well received by the Norwegian organisations in spite of certain administrative difficulties. The Norwegian actors reported that they had learnt a great deal from Poland's long cultural tradition and that the technical benefits of the cooperation had been considerable. The Fund will be continued in the period 2009–14 in a revised form that takes account of the experience gained in this first period.

3.5.1 Poland

Poland received the largest tranche of the EEA and Norway Grants. The projects were successfully implemented and performance was high, thanks partly to efficient planning and follow-up on the part of the Poles. Ninety individual projects had a partner from a donor state, and in most cases the Polish actors felt that the partnership had proved extremely fruitful. In addition extensive cooperation took place through the cultural exchange and the research funds.

The EEA and Norway Grants have achieved good results in the field of energy efficiency and the use of renewable energy sources, and in pollution control. Insulation, thermo-installation and replacement of doors, windows and inefficient oil-fired water heaters have resulted in considerable annual energy savings and reduced greenhouse gas emissions. Most of the upgraded buildings were public buildings such as schools and health institutions, and in addition to the environmental benefits they have resulted in better facilities for the users. Otherwise the environmental projects were relatively small, but the evaluation stated that they were focused and relevant to Poland's targets in this area.

Poland received substantial support for strengthening the police and justice sector and combating international organised crime. A num-

ber of projects were partnered with the Norwegian police. Border security was also improved in order to meet the requirements under the Schengen Agreement.

The support for the cultural heritage has resulted in the restoration of a number of architectural landmarks in the historic centre of Cracow, which is on the World Heritage List. In Warsaw the original cellars beneath the old city, which are also listed, were restored. An important requirement was to make such buildings accessible to the public. The final evaluation pointed out that support under the grant scheme had considerably increased the potential for tourism.

In the health and childcare sector one of the priorities was the training of medical personnel. The final evaluation pointed to the fact that while EU funding was mainly being used for physical infrastructure, much of the funding from the EEA and Norway Grants scheme has been used for training. Playgrounds and sports facilities have been built to encourage a healthy life style among children and young people. The evaluation estimated that the grant scheme had benefited 320 000 children, many of them in poor areas, which amounts to almost 6 % of all Polish children. This figure underlines the significant impact of the grant scheme in Poland.

Support for the local government sector has mainly been concentrated on systematic networking to improve public service provision. The Norwegian Association of Local and Regional Authorities has developed a network model for sharing ideas and information between Norwegian local authorities, and the grant scheme has made this accessible to Polish municipalities as well. In addition a four-year project was implemented that enabled more than 1 000 Polish local government employees to visit their Norwegian counterparts.

Research funding has been particularly focused on projects in health and environment, often in partnership with Norwegian research institutions. About 1 000 Polish students, teachers and employees received support from the Scholarship Fund to study or work in Norway.

Support for Polish civil society has been particularly targeted at democracy, social inclusion, and environmental protection and sustainable development. The evaluation of the NGO funds confirmed that although the projects were spread geographically and thematically over a broad area, the results were positive. The evaluation emphasised that the support has raised public awareness and resulted in concrete solutions to a number of local issues.

3.5.2 The Czech Republic

The results in the Czech Republic have been very positive, and almost all the projects achieved their objectives. Nineteen projects had Norwegian partners; for example the Norwegian and Czech police cooperated on the fight against international organised crime. The scholarship fund has also supported extensive research cooperation and exchanges.

The Czech Republic has a large number of historic buildings and protected cultural monuments and sites. However, much of this rich cultural heritage is suffering from neglect, which also affects the country's attractiveness as a tourist destination. Thus great emphasis has been put on preserving the cultural heritage, and more than 40 % of the funding from the EEA and Norway Grants was allocated to efforts in this sector. Many historical monuments, cultural objects, documents and paintings have been preserved from irreversible damage, and many historic sites have been opened to the public, as a result of the grant scheme.

The focus in the health and childcare sector has been on improving child-care institutions, schools and playgrounds. The Bulovka University Hospital in Prague has established an advanced medical centre for newborns and infants that will reduce disease and mortality. In the final evaluation it was pointed out that the size of the projects has made it possible to target particularly vulnerable groups.

The NGO Fund supported projects targeted at human rights and cultural diversity, children and young people with disabilities, and environmental protection.

A number of environmental projects were implemented in areas such as water resource management, forest management, air pollution monitoring and biodiversity. The final evaluation pointed out that although support for the environment sector was limited, it was relevant for the areas concerned. Other projects have helped the Czech Republic meet the requirements of the Schengen cooperation and combat international organised crime.

3.5.3 Romania

Romania has been receiving support from the EEA and Norway Grants since it joined the EU in 2007. The Norway Grants have been administered by Innovation Norway, and all projects under this scheme have had a Norwegian partner. Romania is

among the countries where projects have suffered from the greatest delays, due to lack of local capacity. According to the final evaluation, however, the projects have been both targeted and relevant.

The largest sector to receive support was environment and sustainable development. Projects included promoting the inclusion of environmental technology and environmental specifications in the rules for public procurement, promoting the use of renewable energy, and development of a strategy for energy efficiency and nuclear safety. Ecotourism and sustainable agriculture also received support. Thirty-five per cent of Norway Grants funding was allocated to the private sector.

Many of the projects in the health sector were targeted at the needs of children and families. These included health services for children and young people, support for families with handicapped children to enable them to care for the children at home, and campaigns for a healthy lifestyle. A total of 7 200 children benefited from the projects.

The Romanian police received new equipment and training for combating internet-related child pornography in cooperation with their Norwegian counterparts. Other projects to receive support were improving the social dialogue and working conditions in the manufacturing industry, measures and training programmes for improving public services, and land use planning.

In the cultural heritage sector, support was given to restoration of cultural objects and buildings of historical value and making them accessible to the public. The regional development projects mainly dealt with sustainable development and provision of more favourable conditions for the business sector.

The Romanian NGO Fund financed 115 projects in areas such as human rights, social inclusion, children and youth, social services, environmental protection, and cultural heritage. NGOs play an important role in Romania in democratic development and promoting accountability among the public authorities. Previously there were few support schemes in this area, and the EEA and Norway Grants have therefore made a substantial contribution.

3.5.4 Latvia

Twenty-six of the individual projects, most of them in the justice sector, had a Norwegian partner. Many contacts and extensive cooperation were also established with support from the regional development funds.

In the Schengen and judiciary sector, the EEA and Norway Grants were used to support a number of projects targeted at the prison system. These included programmes for prisoners' reintegration in society, better building standards, and better systems for registration and exchanging information about prisoners. A total of 1 100 juvenile offenders have benefited from the projects. Funding was also provided for efforts to fulfil Schengen requirements for border control.

Support in the environmental protection and sustainable development sector included funding for the use of renewable energy to heat public buildings and for promoting sound management of natural resources. Funding was also provided for a materials recycling facility and improving environmental monitoring and control.

Two funds for regional development were established. One was for efforts to promote development in outlying districts, and involved cross-

border cooperation with Estonia, Lithuania, Belarus and Russia. The other fund was used to promote public-private cooperation on infrastructure development. A number of projects were implemented to strengthen regional development through network-building and new working methods. Five hundred persons received training under these funds. Two transfer of knowledge funds were also established, one of which was a scholarship fund for Latvian students, teachers and educational personnel, and the other for research.

In the cultural heritage sector, a number of partnership projects were implemented for important activities such as restoration of the Museum of the Kuldiga Region, where a new centre for restoration of wooden architecture was also established. This project was implemented in close cooperation with Norwegian Crafts Development and the Norwegian municipality of Frogn.

4 Lessons learnt

4.1 Conclusions and recommendations of external evaluations

A mid-term⁸ and a final⁹ evaluation of the EEA and Norway Grants scheme for the period 2004–09 were conducted. External evaluations were also made of the efforts to involve Norwegian partners,¹⁰ and the donors' organisation of the work.¹¹ The Norwegian cooperation programme with Bulgaria and Romania was evaluated separately, with a focus on partnership.¹² The implementation and results of the grant scheme in the various priority areas were also evaluated externally. These evaluations, which are discussed in Chapter 3, served as valuable input when the objectives for the new period were being drawn up.

Three main areas for improvements were identified:

- More systematic facilitation of partnerships with Norwegian actors
- More focused efforts
- Better risk management

4.2 More systematic facilitation of partnerships with Norwegian actors

4.2.1 A firm basis in the agreements with the EU

One of the difficulties in the efforts to involve Norwegian actors in projects during the 2004–09 period was that the principle of partnership was not laid down in the agreements with the EU on the EEA and Norway Grants. A relatively large number of partnership projects were established,

but the evaluations showed that the quality and the content of the cooperation varied considerably, from loosely linked networks to lasting cooperation and substantial knowledge transfers.

When Bulgaria and Romania joined the EEA in 2007, financial mechanisms were established for these countries as well. In Norway's agreement with the EU for the period 2007–09 it was stated that all projects under the Norway Grants scheme should have a Norwegian partner. The Norway Grants scheme was administered by Innovation Norway, to which potential Norwegian partners addressed their applications. For Norway, it has been important to ensure a common understanding that the EEA and Norway Grants are also intended to strengthen bilateral relations between Norway and the beneficiary states, and this principle was included in the negotiations with the EU on the EEA and Norway Grants for 2009–14. On the basis of experience gained in the previous funding period, a new model for both sets of grants was developed. This provides opportunities for long-term, strategic cooperation in fields where Norway has significant interests, while at the same time leaving room for ad-hoc contacts in other areas as well.

4.2.2 Programme cooperation

An important tool for strengthening relations with the beneficiary states has been to define key programmes as donor partnership programmes. The programmes in question are specified in the MoUs with the individual countries.

In deciding on programme areas with the individual countries, Norway has focused on areas that are of special interest to Norwegian authorities, such as correctional services and environmental management in Poland, correctional services in Lithuania, and asylum and migration in Greece. The intention of the donor partnership programmes is that Norwegian expertise should be involved in the strategic development of the programmes and the exchange of knowledge and best practices during implementation, and provide advice on the selection of projects. The aim is that

⁸ Norad/PriceWaterhouseCoopers (2008) *Mid-term Evaluation of the EEA Grants*

⁹ Scanteam (2012) *End Review of the EEA and Norway Grants*

¹⁰ Scanteam (2008) *Norwegian Bilateral Relations in the Implementation of the EEA Financial Mechanisms*

¹¹ Statskonsult (2007) *Review of the Administrative Framework for the Implementation of the EEA Grants* and Difi (2009) *Organizing the Financial Mechanism Office*

¹² Oxford Research (2009) *Fruitful Partnership*

Table 4.1 Norwegian donor programme partners

	Bulgaria	Estonia	Greece	Cyprus	Latvia	Lithuania	Malta	Poland	Portugal	Romania	Slovakia	Slovenia	Spain	Czech	Hungary
Norwegian Climate and Pollution Agency	x	x			x	x		x		x					
Norwegian Directorate for Nature Management	x					x				x				x	
Norwegian Directorate for Cultural Heritage		x			x	x				x					x
Arts Council Norway					x	x		x	x	x				x	
Norwegian Association of Local and Regional Authorities	x	x			x	x									x
Norwegian Water Resources and Energy Directorate	x										x				
Directorate of Immigration			x												
Innovation Norway		x			x	x					x		x		x
Research Council of Norway		x			x			x		x				x	x
Norwegian Centre for International Cooperation in Education	x	x			x	x		x		x	x	x	x	x	x
Gassnova								x		x					
Norwegian Courts Administration						x		x		x					
Norwegian Correctional Services					x	x		x		x					
Norwegian Police Directorate	x					x				x					
Norwegian Institute of Public Health		x							x			x		x	x
Norwegian Directorate for Health and Social Affairs		x						x			x				
Norwegian Equality and Anti-discrimination Ombudsman													x		
Barents Secretariat	x										x				
Norwegian Directorate for Civil Protection and Emergency Planning									x		x				x
Shelter Movement in Norway				x											
Vox, Norwegian Agency for Lifelong Learning															x
Norwegian Ministry of Children, Equality and Social Inclusion		x													
Norwegian Radiation Protection Authority										x					

Box 4.1 The Norwegian Climate and Pollution Agency's engagement in Latvia

With the support of the Norwegian Directorate for Civil Protection and Emergency Planning, the Norwegian Climate and Pollution Agency is cooperating with the Latvian Ministry of Environmental Protection and Regional Development on the development of Latvia's climate policy. Capacity-building for central, regional and local authorities is given priority, and steps are being taken to raise awareness among the authorities, research communities and the general public, and in the education system and the private sector. Latvia has shown great interest in Norway's expertise and experience in these areas. The Latvian authorities are also interested in the Climate and Pollution Agency's work on the greenhouse gas inventory, in which Statistics Norway and the Norwegian Forest and Landscape Institute are also involved. Both countries' commitments under the Climate Change Convention and EU/EEA legislation make it natural to cooperate and exchange knowledge and experience. Programme cooperation with Latvia gives Norway the opportunity to exchange experience, forge contacts, and strengthen the strategic dialogue with an important country in a neighbouring area.

these knowledge exchanges and contacts will pave the way for further cooperation after the programme has been completed.

Norwegian government agencies facilitate contact between Norwegian companies, research institutions, NGOs and other bodies, and possible partners in the beneficiary states. For example Innovation Norway is currently facilitating cooperation with Norwegian companies on green innovation in seven countries. In total, more than 20 Norwegian agencies are involved as donor programme partners, and their expenses are covered by the EEA and Norway Grants scheme.

4.2.3 Project partnerships

Efforts are being made to ensure that Norwegian companies, NGOs, the social partners, research, education and cultural institutions, and other actors have the opportunity to participate in rele-

Box 4.2 Agder municipalities are cooperating with Spain on gender equality

The county administration of Vest-Agder and the municipalities Audnedal, Lindesnes, Mandal, Marnadal and Åseral in Aust-Agder, together with Bærum municipality in Akershus, have participated in a project in Spain to make it easier to combine work with family life. Spain has a low birth rate. Many women find it difficult to work if they have childcare responsibilities. In Norway we have found that a good work–life balance is strategically important for social development. However, there are large regional differences in Norway, and increasing women's participation in the labour force is considered a priority by many local authorities due to its importance for development of their region. Among these are the two Agder counties, and it was for this reason that the Norwegian Association of Local and Regional Authorities chose them as a cooperation partner. Gender equality is also given priority in other projects with Spain in the current period, 2009–14.

vant projects. This applies primarily to cooperation between equal partners, for example between a Norwegian company and a company in a beneficiary state, or between two cultural institutions. In projects involving government agencies in the beneficiary states, the rules for public procurement apply. Experience in 2004–09 showed that it was difficult to involve Norwegian companies, and programmes specifically targeted at the business sector have therefore been introduced for the new period. In the area of green industry innovation, projects without Norwegian partners are only approved in exceptional cases.

Projects dealing with research and cultural exchanges are also required to have Norwegian partners. Great importance is attached to involving Norwegian municipalities in programmes that focus on local and regional development.

4.2.4 Networking and knowledge exchange

The agreements with the EU states that the EEA and Norway Grants for 2009–14 are intended to strengthen bilateral relations, and this should be made an objective for all the programmes, includ-

ing those that do not have a Norwegian donor programme partner. Thus 1.5 % of all programme budgets is set aside for promoting contact with Norway in the relevant areas. The funds are used for participation in courses and seminars, efforts to find a Norwegian project partner, contact with Norwegian experts and similar activities. At the national level a further 0.5 % of the total allocation to each beneficiary state is devoted to promoting further contact and cooperation with Norway.

Thus the new model, consisting of partnership programmes and funds earmarked for cooperation with Norway, has strengthened the bilateral aspect of the EEA and Norway Grants.

4.3 More focused efforts

The final evaluation of the EEA and Norway Grants for 2004–09 concluded that the projects had largely achieved their goals and had had spin-off effects in local communities. Visible effects at national level in some areas were also found, for example in the area of support and development of civil society. In other areas, where only a few, scattered projects had been conducted, the total effects were less visible at the national or sectoral level.

An important objective of the EEA and Norway Grants scheme for 2009–14 is to ensure that the efforts in the individual sectors and beneficiary states are more comprehensive and coordinated. Although the sectors eligible for support were specified in the agreement with the EU, they were very broadly defined. Therefore, in cooperation with the relevant ministries, NGOs, the social partners and the Association of Local and Regional Authorities in Norway, the Norwegian Ministry of Foreign Affairs defined the priority areas and objectives for each sector more explicitly and on this basis determined appropriate programme areas. The programme areas were then used as the framework for the negotiations with the individual state.

Prior to negotiating with the beneficiary states, the Norwegian authorities assessed which states had the greatest potential for cooperation with Norwegian partners. For example they concluded that the Norwegian business sector would be interested in cooperating on green industry innovation with companies in the three Baltic states. It has also been important to make sure that the EEA and Norway Grants are actually supporting and complementing national strategies in the beneficiary countries. During the negotiations

it was recognised that the financial crisis had increased the need for funding in many social sectors, and several of the countries expressed a wish for the allocations to be distributed over a larger number of sectors. This has meant that in certain countries the support has been less focused than was originally intended. The agreed distribution of funds between the sectors was confirmed in the MoUs with each beneficiary state.

4.4 Better risk management

The mid-term report on the EEA and Norway Grants for 2004–09 pointed out that the highly comprehensive nature of the control mechanisms had impeded progress. It recommended that the risk assessments should take the differences between the countries into account, and that greater use should be made of other partners' risk and capacity assessments. Statskonsult (the Directorate for Communication and Public Management)¹³ reviewed the administration of the Grants and concluded that although comprehensive measures had been taken to reduce the risk of corruption and fraud, these had used up considerable administrative resources.

To provide a better basis for risk assessment, Norway entered into a partnership agreement with Transparency International (TI) on analysing the risk of corruption in most of the beneficiary states.¹⁴ The analyses are undertaken by the TI national chapters. This enables the donor states to concentrate their resources for follow-up and control on areas where the risks are greatest. The analyses also make the beneficiary states more aware of the strengths and weaknesses of their institutions, which can have positive effects on administration in the beneficiary states over and above that of administering the Grants. TI has developed tools for risk assessment for programmes and projects related to the EEA and Norway Grants. On request by the donors the organisation will make use of the tools and follow up the implementation of particularly high-risk programmes.

The Ministry of Foreign Affairs has consulted with external expertise to quality assure its own risk management procedures for the EEA and Norway Grants, and the donor states have devel-

¹³ See footnote 25

¹⁴ Bulgaria, Estonia, Greece, Latvia, Lithuania, Poland, Portugal, Romania, Slovenia, Slovakia, Spain, the Czech Republic and Hungary

oped a risk management strategy based on advice from an international firm of auditors.¹⁵ The donors will also clarify the degree of risk they are willing to accept in order to achieve the objectives of the individual programme area and in the individual beneficiary country.

4.4.1 Major risk factors

There are great differences in the degree and type of risk between the beneficiary states. Weak administration in a state entails a risk that objectives will not be achieved, that funds will be mismanaged and that there will be a lack of transparency and compliance with rules and legislation. In some states new contact persons are appointed when there is a change of government, which can delay implementation. Political changes may also weaken ownership of established programmes.

In times of economic crisis it can be difficult to ensure that projects are sustainable. Cuts in public budgets can result in delayed payment of co-financing obligations in local and regional projects. When companies find it difficult to obtain credit there is a risk that private-sector projects will fail. The risk factors are assessed for each country, and developments will be monitored throughout the programme period.

Box 4.3 Risk factors in Greece

Only about half the available funds were disbursed to Greece in the period 2004–09, mainly owing to the country's lack of capacity to implement projects. Substantial improvements are needed if funds are not to be held back in 2009–14 as well. In 2011 Greece was next to last on Transparency International's ranking list for the beneficiary states. On the basis of a risk assessment, it has been decided that the asylum programme, which is considered to be particularly important, is to be implemented in direct cooperation between the donor states and the International Organization for Migration (IOM). The other programmes are being implemented by the Greek authorities, with close monitoring by donors so that problems can be addressed at an early stage.

Box 4.4 High risks attached to politically important projects

The Home for Cooperation (H4C) in Cyprus was established with funding from Norway under the Grants for the period 2004–09. The centre, which is located in the UN-controlled buffer zone in Nicosia, is a unique meeting place for the two communities that inhabit the island. Although a considerable number of technical, economic and political risk factors were identified during project planning, Norway considered that there were no other similar meeting places available for this purpose and that if successful, the project would promote reconciliation. We were therefore willing to accept the high risk for the sake of the important political objective. In order to limit the risk it was agreed to hold regular meetings and arrange for frequent reporting and project visits.

The changeover from funding individual projects to supporting larger-scale programmes was decided in response to clear recommendations in the external evaluations and in cooperation with the European Commission. The advantage of programmes is that this form of support is more effective and facilitates performance management. However, it also involves more complex planning and management procedures in the beneficiary states, thus increasing the risk of delays and irregularities. In order to remedy this, the programme operators and the national coordinating authorities (National Focal Points) have followed a training programme and control mechanisms have been established.

The type of risk also varies with the programme area. Programmes for civil society involve different types of risk from those targeted at the public sector. One of the objectives of the NGO programmes is to strengthen the participation and influence of vulnerable groups, and if this is to be successful, the organisations representing these groups must be involved in the work. Many of the organisations are weak and there is a risk of misuse of funds. Despite tighter control measures, this is a higher risk level that must be accepted if high-priority objectives are to be achieved. The projects targeted at the Roma people are an example of such a case.

¹⁵ Ernst & Young (2011) *Review of Risk Management in the EEA & Norway Grants 2009-14*

Other types of programmes involve innovation and testing of new technology. The programmes for carbon capture and storage and for green industry innovation are examples of areas where the risks are attached to technical solutions. Here the intention is to identify and reduce the risks with the help of technical expertise. However, these are areas where there is always a danger that the objectives will not be fully achieved.

Another risk factor is poor capacity and lack of competence among programme operators and project managers. To reduce the risk, funds have

been allocated to the administration of the EEA and Norway Grants in the beneficiary states, and the donor states keep in close contact with the programme operators throughout the implementation phase.

Interest and capacity among Norwegian actors are crucial to strengthening bilateral relations. Efforts were made to identify potential actors during the planning of the 2009–14 funding period. Close contact with the parties during implementation is emphasised, and Norwegian partners are required to give this aspect sufficient priority.

5 Objectives for the period 2009–14

5.1 Norway's contribution to reducing economic and social disparities

The EEA and Norway Grants are intended to reduce economic and social disparities in the EEA, and to alleviate the critical situation in many parts of Europe. The financial crisis is having widespread consequences for individuals and societies in the form of growing unemployment, reduced welfare and tough restructuring processes, and many young people are finding it especially hard to enter the labour force. The new austerity measures are primarily affecting vulnerable groups such as young people, minorities and those who already have few resources. Public welfare cuts are increasing social disparities and social marginalisation. This in turn is weakening public confidence in democratic institutions and

creating a breeding ground for xenophobia and extremism. Further cuts in public spending and higher taxes may also weaken the prospects of fresh economic growth.

Education, research and innovation are crucial to economic growth. Europe 2020, the EU's growth strategy, has five target areas: employment, R&D, climate change/energy, education, and poverty/social exclusion. The EU cohesion policy is more and more viewed as an integral part of the Europe 2020 strategy, and in addition to reducing disparities between rich and poor regions, the policy attaches more importance to liberating the growth potential in all regions.

The EEA and Norway Grants are small compared with EU internal transfers and the beneficiary states' own budgets. Poland is the largest recipient, and is receiving EUR 558.6 million in



Figure 5.1 The NGO fund in Hungary has supported the training of social workers in three regions, enabling them to provide better assistance to poor and vulnerable groups in their local communities.

Photo: National Focal Point, Hungary

the period 2009–14. It is also receiving EUR 67 billion from the EU Structural Funds¹⁶ for 2007–13. In the budget proposal for the period 2014–20, the European Commission has proposed a purely nominal cut in the allocation to the EU coherence policy in relation to 2007–13. The proposal is under discussion in the EU, and clarification is not expected until 2013.

Given the size of the EEA and Norway Grants, it is not always possible to document a direct link between the support and developments at the national level in the beneficiary states. The priority sectors for the grant scheme for 2009–14 were selected on the basis of their relevance to social and economic development. This means that in order to receive support a programme must be consistent with EU objectives and in line with national plans and strategies for growth and social development. The Grants are also intended to support common European values and fundamental rights.

The lessons learnt in the previous Grants period were used as a background for determining the priority sectors for 2009–14. The recommendations put forward by the external evaluators and reviewers of the grant scheme were also taken into account when developing objectives and determining target groups and activities.

5.2 Objectives of the bilateral cooperation

In the agreements with the EU for 2009–14, the objective of strengthening bilateral relations was included and given equal importance to the objective of reducing social and economic disparities. A programme model has been developed for the current Grants period, which has laid the foundation for a more strategic and predictable cooperation between agencies and institutions in Norway and the beneficiary states. Under this model the cooperation between donors and beneficiaries has been made more relevant to national strategies than it was in the previous period. Programmes are being developed in areas of special interest to both parties. In the planning and implementation of the programmes, Norwegian authorities provide expertise, exchange best practices and advise on the choice of projects. At project level,

steps have been taken to facilitate partnerships between Norwegian organisations, institutions, companies, the social partners, NGOs and other actors, and appropriate institutions in the beneficiary states.

The Government has based its choice of priority sectors on two main factors: areas that reflect important issues on the European and global agendas, and areas where Norway has interests and expertise. The Ministry of Foreign Affairs has worked closely with the relevant ministries, civil society and the social partners in the selection of programme areas. The Council of Europe and other international organisations were also consulted in order to ensure that the priorities would be in line with international guidelines and recommendations. Cooperation in regional organisations where Norway is a member, such as the Council of Europe and the Council of the Baltic Sea States, is also strengthening our relations with the beneficiary states.

The forging of ties at programme and project level in a broad range of areas is expected to further strengthen cooperation between Norway and the beneficiary states after the individual programme or project has expired. This is in Norway's interests. However, there are many factors influencing Norway's contacts with other European countries, and it is sometimes difficult to document that the EEA and Norway Grants are directly responsible for expanding cooperation. The Government is assuming that this link does exist, and that the contacts, knowledge and trust built up through specific, time-limited pro-

Box 5.1 Research cooperation

The EU's objective is to strengthen research cooperation in the period up to 2020. Norway participates in the EU Framework Programmes for Research and Technological Development. Forty-eight Norwegian institutions have been involved in research projects through the EEA and Norway Grants 2004–09, some of them in many different projects and in several countries. In this way researchers in other European countries are gaining insight into Norwegian research and developing confidence in Norwegian researchers. This strengthens the foundations for further cooperation under the Framework Programmes with partners from the beneficiary states.

¹⁶ In the period 2007–13, the EU Structural Funds amounted to EUR 350 billion. The Funds consist of the Cohesion Fund, the European Social Fund and the European Regional Development Fund.

Box 5.2 Positive reports on Norwegian support in the Slovak Republic

EUR 7 million is being used for measures to prevent domestic violence in the Slovak Republic. Norway, the Council of Europe and the Slovak minister of justice arranged a conference on this topic in Bratislava in November 2011. Prior to the conference the embassy in the Slovak Republic had organised a press visit to Norway that included a visit to a Norwegian crisis centre. The conference was reported in national Slovak media, and the Norwegian crisis centre system and Norwegian support to the Slovak Republic were widely publicised.

known, and the EEA and Norway Grants are an effective tool for the embassies in the beneficiary states and other EU countries to achieve this end. The grant scheme also strengthens Norway's reputation as a stable and reliable partner that is contributing to the achievement of common European objectives in the areas of environment and climate, research and innovation, competence-building, and promotion of fundamental democratic values. Press and communication activities for promoting the EEA and Norway Grants for the period 2009–14 are being intensified.

5.3 Negotiations with the beneficiary states

grammes and projects will play an important role in future cooperation.

The EEA Agreement is a cornerstone of Norway's cooperation with the EU. It is in Norway's interest to make the agreement more widely

The completion of the negotiations on the agreements with the EU in summer 2010 was followed by negotiations with the individual beneficiary states on priorities for the funds. Norway, Iceland and Liechtenstein negotiated MoUs with the 15 beneficiary states on the programme areas for allocations under the EEA Grants. In parallel with this process, Norway negotiated agreements on

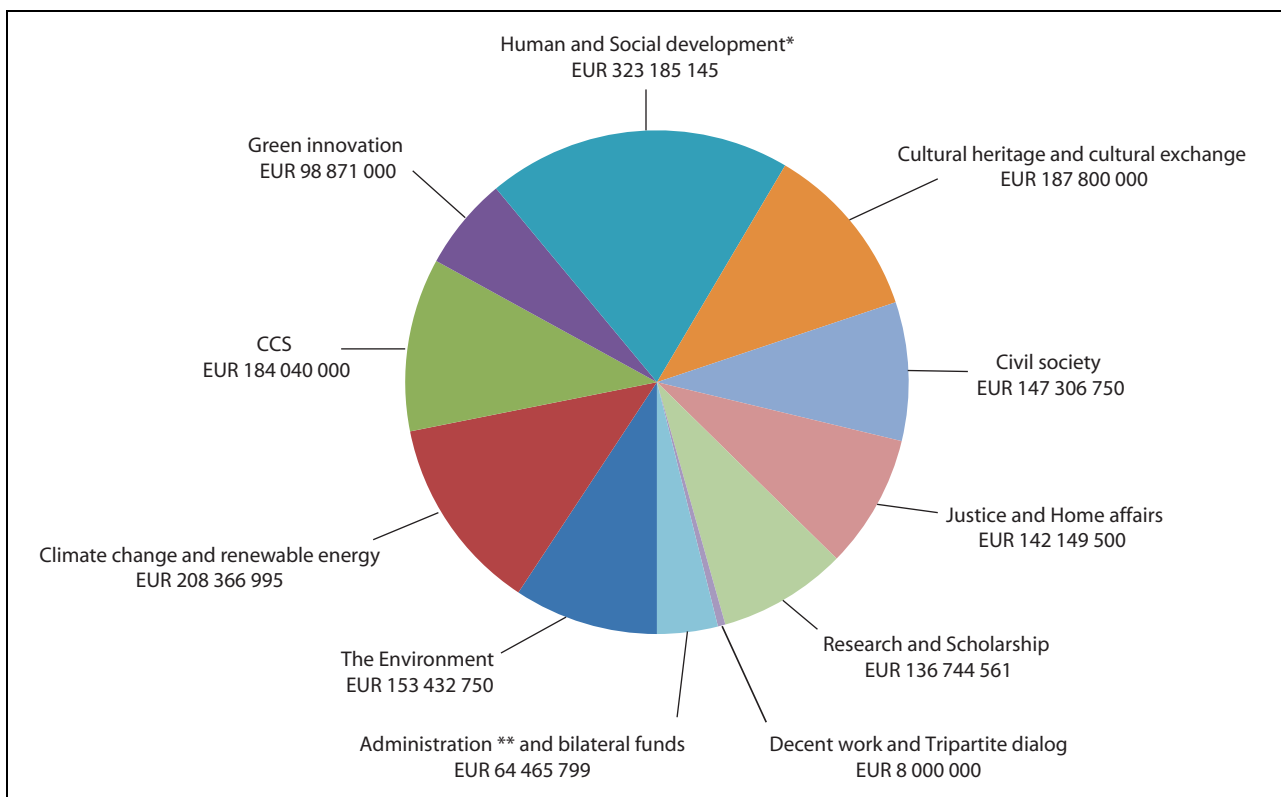


Figure 5.2 Allocations 2009–14 (EEA and Norway Grants), by sector.

* The sector human and social development covers children and young people at risk, local and regional development, public health care, gender equality, asylum and migration, and cross-border cooperation.

** Administration in the beneficiary states includes funding allocated for the completion of certain projects from the period 2004–09.

the use of the Norway Grants. The negotiations began in autumn 2010 and ended in 2011. In some of the countries they were delayed by a change of government or the financial crisis. Co-financing of the programmes was made a requirement, and this was also a source of delay in some countries.

The donor states' assessment of the cooperation potential and the beneficiary states' own priorities formed the starting point for the negotiations. The considerable differences between the beneficiary states are reflected in their priorities. Some of the countries enthusiastically welcomed the opportunity to cooperate with Norwegian agencies and institutions, while others attached more importance to their own resources and national institutions. The support is being divided between 144 programmes altogether. So far, in 78 of the programmes at least one Norwegian organisation or institution has been appointed as donor programme partner.

In line with the recommendations in the evaluations, Norway's intention was that the efforts should in principle be concentrated on fewer areas in each country. At the same time Norway wished to give priority to areas with the greatest potential for bilateral cooperation. The beneficiary states, on the other hand, wished to include many different sectors. The results of the negotiations therefore struck a balance between these two considerations.

Figure 5.2 shows the results of the negotiations by sector. Support for climate and environment is much greater than in the period 2004–09, and this is now the largest sector. Support for cultural heritage conservation has been reduced.

5.4 Objectives for the priority sectors

The agreements with the EU specify the priority sectors for the Grants. In order to facilitate performance management, the donor states have specified programme areas, together with the expected outcomes for each sector.¹⁷

5.4.1 Environmental protection and management

The greatest global environmental challenges are climate change, loss of biodiversity and the dispersal of substances that are persistent, bioaccumula-

tive and toxic. These processes are impairing people's quality of life and preventing sustainable development. The EU is an important partner in the global efforts to improve the environment. Under the EEA Agreement much of the relevant environmental legislation is common to both Norway and the beneficiary states, and the EEA and Norway Grants are intended to help the beneficiary states implement EU environmental legislation. Norway and these countries have a strong common interest in protecting the environment, especially the countries that are part of our neighbouring area, such as Poland and the Baltic states. Many of the European environmental problems are transboundary, and can only be addressed by cross-border cooperation. In each beneficiary state at least 30 % of the funds under the EEA and Norway Grants will be spent on environmental protection, climate change measures and renewable energy. Examples of appropriate programme areas are management of marine and water resources, biodiversity conservation, environmental planning, monitoring and supervision, and management of chemicals and hazardous waste.

Sound management of marine and water resources requires an integrated approach that takes biodiversity, climate change and pollution into account. The EU Strategy for the Baltic Sea Region of 2009 is a good example of this type of approach. In this connection it is important that the beneficiary states should implement the EU Water Framework Directive. The objectives of the programmes supported by the grant scheme include improving environmental monitoring and infrastructure, and strengthening the capacity for analysis.

Biodiversity conservation is a vital factor in ensuring sustainable development, and both donor and beneficiary states are bound by the UN Convention on Biological Diversity. Measures for biodiversity conservation include establishing or strengthening systems for monitoring protected areas, protecting ecosystems from invasive alien species, and taking biodiversity considerations into account in policy development and legislation. Experience from 2004–09 has also shown the necessity for supporting awareness-raising and education.

Sound environmental monitoring, control and analysis depend on good, accurate information. Many of the EU strategies for resource management require countries to have up-to-date information in the field. However, there are great variations between the EU countries in the implementation of environmental measures, for example in

¹⁷ More detailed information on the programme areas can be found on the website <http://www.eegrants.org/id/1941> under "Programme areas 2009–2014".

their control of industrial emissions. One of the objectives of the EEA and Norway Grants is to promote compliance with environmental legislation, and this makes it necessary to strengthen the public administration and raise awareness in the industrial sector and in civil society.

The Norwegian authorities in this field are the Climate and Pollution Agency and the Directorate for Nature Management. They provide advice and help to ensure a high standard of quality in programmes and individual projects. The Norwegian Mapping Authority also provides expertise.

5.4.2 Climate change and renewable energy

A proactive climate policy calls for greater energy efficiency, greater use of renewable energy and cuts in greenhouse gas emissions. It is also important to take climate change into account in social planning. The EEA and Norway Grants are intended to help finance energy efficiency measures, increase the use of renewable energy and reduce illegal discharges from ships. Research and technology development are an essential element in these programmes.

Energy efficiency is one of the most cost-effective ways of reducing greenhouse gas emissions and improving air quality. Programmes have been set up to improve energy efficiency in buildings, manufacturing industries and the transport sector. Other important goals are to raise awareness about the problems and to improve the capacity and knowledge of the public authorities to enable them to implement measures.

Shipping is responsible for substantial releases of greenhouse gases and other pollutants, and in this area there is a large potential for energy efficiency and use of other types of fuel such as liquid natural gas (LNG). Other objectives are to improve maritime technology and to strengthen the capacity of the authorities to make policy changes. The International Maritime Organisation (IMO) could be a useful partner under this programme.

Increasing the production of renewable energy stimulates employment and technology development. However, the beneficiary states are currently using only a small part of their potential. This programme area includes biomass, wind and solar power, hydropower, wave power and geothermal energy. The objective is to boost produc-



Figure 5.3 The solar energy park Pripechene, in Bulgaria, was established with funding from the EEA and Norway Grants. The project was implemented by Hydroenergy Company Bulgaria in cooperation with Norsk Solkraft AS.

Photo: Ministry of Foreign Affairs

tion and use of renewable energy. Greater awareness and better information on forward-looking energy solutions need to be fostered. This programme is suitable for the involvement of small and medium-sized enterprises.

There is increasing awareness of the importance of taking climate change into account in social planning. This requires cooperation between many different sectors and administrative levels. Improving information exchange systems, strengthening the capacity for analysis, and raising awareness in this field are all important objectives for the EEA and Norway Grants.

The climate change and renewable energy programmes cover many areas of expertise, and there are many suitable Norwegian programme partners. The Norwegian Climate and Pollution Agency is a partner in several programmes, while Enova, the Norwegian Water Resources and Energy Directorate and Innovation Norway are involved in energy efficiency and renewable energy programmes. The Norwegian Directorate for Civil Protection and Emergency Planning and the Directorate for Nature Management are partners in climate change adaptation programmes. The Research Council of Norway promotes cooperation on research and technology development in the field, and the Norwegian Maritime Directorate is partnering a project in the maritime sector.

5.4.3 Carbon capture and storage

Joint international action is important in this area, and the EEA and Norway Grants are intended to support the EU's climate and energy policy. This includes the development of demonstration facilities for carbon capture and storage together with measures for safe storage. Twenty-three per cent, or EUR 184 million, of the Norway Grants has been allocated to carbon capture and storage. Programmes to this end have been established in Poland, Romania and the Czech Republic, and Gassnova advises on the programmes in Poland and Romania. In Poland the Norway Grants are providing some of the funding for a full-scale facility at the Belchatów coal-fired power station. In the Czech Republic the funds are being used for research on carbon capture and storage.

5.4.4 Green industry innovation

Sustainable development depends on technological development and a competitive business sector that takes responsibility for the environment.

Box 5.3 Involvement of Norwegian companies

The Norwegian company Memscap AS is cooperating with the Romanian company SC Euromedica on the development and production of medical equipment. The project requires investment, training and R&D. Of the total budget of EUR 3.1 million, EUR 1.86 million has been provided by the grant scheme. The project has created new jobs in the town of Iasi in Romania.

Through the EEA and Norway Grants, Norway is promoting the development and commercialisation of new environmental technology and plays a part in reducing releases of pollutants to air and water. Considerable efforts will be made to involve Norwegian project partners. Innovation Norway has broad experience of business development, and will assist the beneficiary states in developing good programmes as well as facilitating partnerships with Norwegian companies. A total amount of almost EUR 100 million has been allocated to programmes in seven beneficiary states.

5.4.5 Health

A robust, effective health care system is essential for improving and maintaining the health of a population, which in turn influences a country's economic potential. Public health services should ensure easy access and identify factors that affect public health. The existence of socioeconomic health disparities is a major challenge, and the EEA and Norway Grants are supporting the efforts of the beneficiary states to improve their health services and their public health system. The Grants enable these countries to develop national strategies for effective disease prevention, strengthen public health monitoring and preparedness, and develop national health registers and health information systems.

The final evaluation of the work in the health sector in the period 2004–09 concluded that partnerships were especially valuable for complex projects in areas where Norway has specialised expertise. This was a determining factor when the Directorate for Health and Social Affairs and the Institute of Public Health were chosen as partners for several of the beneficiary states. Further steps

are needed to make these countries aware of Norway's areas of expertise.

5.4.6 Gender equality

Women's participation in the labour force is an important factor in economic growth, but in many of the beneficiary states combining work with family life is difficult. The EEA and Norway Grants are intended to raise awareness of the issues, increase the spread of knowledge and exchange of experiences, and improve capacity in organisations and networks. The long-term objectives are to reduce income disparities between men and women, increase the number of women on company boards and improve the work–life balance. The Norwegian Ministry of Children, Equality and Social Inclusion, the Equality and Anti-discrimination Ombudsman, and the Association of Local and Regional Authorities are all donor programme partners.

5.4.7 Asylum and migration

All the EU and EEA/EFTA countries are part of the Dublin cooperation, which has established clear criteria for which country is responsible for examining a particular asylum application. Norway considers it important that asylum applications are processed in accordance with the Geneva Declaration. Thus asylum-seekers are not returned to their country of origin if this means that their life or freedom would be threatened, regardless of which country is responsible for examining the application. In 2009, European countries received 287 000 applications for asylum, although the number of applications varies considerably from state to state. Greece is a special case among the Grants recipients, and the programme entitled Institutional Framework in the Asylum and Migration Sector has been specially developed to strengthen the authorities' capacity to deal with the situation in Greece. Under the programme the Norwegian Directorate of Immigration cooperates with the Greek authorities on improving administration of the asylum system and other efforts in this area. The programme also involves cooperation with the International Organization for Migration (IOM) and the UN Refugee Agency (UNHCR). The funds provided by the grant scheme are a supplement to the EU funding in Greece.

Box 5.4 Asylum and migration issues in Greece

In the last few years Greece has been the main gateway to Europe for refugees and asylum-seekers (around 130 000 in 2009). Given the precarious asylum and refugee situation in the country, it was decided to allocate a large proportion of the funds under the grant scheme to this sector. The Greek authorities have agreed to devote EUR 20.8 million, or 30 % of the total allocation, to asylum and migration measures. The efforts are mainly focused on the reception system, especially the system for unaccompanied asylum-seeking minors. Funds have also been allocated to voluntary return and to improving the quality and capacity of the asylum and refugee sector. Close cooperation and coordination with the EU and other international actors such as UNHCR and the IOM are essential to these efforts. The Directorate of Immigration is the Norwegian programme partner.

5.4.8 Vulnerable groups of children and young people

Many children and young people in Europe live under difficult conditions. They lack access to adequate health care and education, and some are victims of child labour, sexual abuse, disease and violence. The EEA and Norway Grants are being used for projects aimed at implementing international conventions governing the rights of children and young people and improving the quality and accessibility of health and care services and the situation of young offenders.

The Council of Europe provides advice based on its expertise in the field of minority rights. The Norwegian Ministry of Children, Equality and Social Inclusion is partnering a project to reform and improve child welfare service in the Czech Republic.

5.4.9 Local and regional development

One of the objectives of the EU cohesion policy is to develop a more inclusive economy in Europe. Cooperation between towns and rural districts in economically disadvantaged areas can promote growth. The EEA and Norway Grants are a supplement to these efforts.

The objectives are to improve the standard of public services, build competence among public employees and strengthen cooperation between public institutions. The programmes have donor partners with expertise in the various fields: Innovation Norway for business development in economically disadvantaged areas, the Norwegian Association of Local and Regional Authorities in the field of local and regional administration, and the Council of Europe for programmes targeted at minorities.

Particular attention will be paid to the Roma and other vulnerable groups. These groups often have lower labour market participation, lower incomes, higher school dropout rates and a higher rate of criminal activities than the rest of the population. The grant scheme is intended to promote social inclusion and economic growth by funding projects for these groups. Examples of projects are providing educational opportunities, job creation, modernising and improving the accessibility of public services, promoting greater participation in public decision-making processes and social inclusion.

5.4.10 Cross-border cooperation

Regions on both sides of the EU external border have many challenges in common, such as pollution, communicative diseases and organised crime. Combating such problems requires cooperation across national borders, for example through the exchange of information and joint action plans. Cooperation between NGOs on both sides of a border can also generate stronger engagement for democratic development in the EU's neighbouring countries. According to the review of the cross-border cooperation funding in 2004–09,¹⁸ there has been a lack of clear, specific, sectoral objectives, and it was recommended that future funding should go to comprehensive programmes rather than individual projects. The review also recommended drawing on Norway's experience of cross-border cooperation with Russia, and this recommendation has been followed. The Slovak Republic and Ukraine are drawing on the experience of the Norwegian Barents Secretariat for their cross-border cooperation, and the Secretariat will also be assisting Bulgaria.

5.4.11 Civil society

A viable democracy depends on a strong civil society. NGOs play a vital role by stimulating engagement, participating in policy development and raising awareness about important social issues. Norway considers it very important that the engagement generated during the previous Grants period is kept up. The evaluation of the NGO funds¹⁹ confirmed that the funds had enhanced competence among NGOs. For the period 2009–14 it has been agreed with the EU that at least 10 % of the EEA Grants should be allocated to NGO funds. The funds are intended to promote a viable democratic system and respect for fundamental rights and for vulnerable groups such as the Roma. Special attention is being paid to promoting tolerance and to the important role of NGOs in fighting discrimination and working for social and cultural inclusion of vulnerable groups. Support is given to studies and networking, and to combating racism and hate speech among young people. Other priority projects are youth work, social inclusion and environmental movements. The Norwegian Helsinki Committee will continue to involve Norwegian NGOs as project partners.

5.4.12 Research and scholarships

Research is crucial for further social and economic development in Europe. Boosting research cooperation is one of the objectives of the EU's Seventh Framework Programme for Research and Technological Development, in which Norway participates. Research funds have been set up under the EEA and Norway Grants in six countries in order to increase research capacity and the use of research results through partnerships with Norwegian institutions. The priority areas are negotiated separately with each country. The academic research evaluation for 2004–09²⁰ concluded that the results of the cooperation were generally successful, but criticised the project administration by the beneficiary states and the lack of knowledge among the relevant authorities about Norwegian research expertise and capacity. Steps have been taken in the current period to ensure that international accounting and reporting procedures are followed. The Research Council of Norway provides information on areas where Norway has expertise, and advice to Nor-

¹⁸ See footnote 19

¹⁹ See footnote 13

²⁰ See footnote 14

wegian researchers who wish to cooperate with their counterparts in beneficiary states.

The objectives of the scholarship programme are to facilitate student and teacher mobility between the beneficiary states and Norway, Iceland and Liechtenstein, and to intensify institutional cooperation between Norway and the beneficiary states in the sphere of higher education. The Norwegian Centre for International Cooperation in Education facilitates cooperation between educational institutions in Norway and the beneficiary states.

5.4.13 Cultural heritage and cultural exchanges

Culture is an important factor in socio-economic development. Conservation and spreading knowledge about the cultural heritage and its diversity also have a strong positive effect on the position of minorities in society. The EU's growth strategy emphasises the importance of culture for the tourist industry. The EEA and Norway Grants are intended to preserve and document the cultural heritage and make it available to the public. Another aim is to promote the sustainability of local communities by revitalising the natural and cultural heritage. The grant scheme puts considerable emphasis on the cultural heritage of minorities. The Norwegian Directorate for Cultural Heritage was a partner in several projects in 2004–09 and will continue its engagement in the current period.

Cultural diversity strengthens democratic values in Europe, and the grant scheme funds cultural exchanges. The Arts Council Norway is responsible for making Norwegian actors aware of the cultural exchange programmes and helping the beneficiary states find suitable partners in Norway.

5.4.14 The Fund for the Promotion of Decent Work and Tripartite Dialogue

Unemployment in Europe is high, and under the EEA and Norway Grants greater priority is being given to the problems faced by the business sector and the labour market.

In the negotiations with the EU on the EEA and Norway Grants for 2009–14, Norway gave high priority to the establishment of the Fund for Promoting Decent Work and Tripartite Dialogue. One per cent of the Norway Grants is allocated to the Fund. It was set up in close cooperation with the social partners in Norway and is operated by

Innovation Norway. The Fund supports measures such as structures for social dialogue, HSE, anti-discrimination, and gender equality in the workplace. Efforts are made to facilitate partnerships with the social partners in Norway, but this is not a requirement for receiving funding.

The Fund for Decent Work and Tripartite Dialogue is based on experience from the seed money scheme for strengthening social dialogue in central European countries that has been made available to the social partners in Norway since 2008. The Norwegian social partners are now part of the reference group for the Fund, which advises on its technical organisation. Contact has also been established with the ILO Regional Office in Budapest for advice and quality assurance of the projects. The Regional Office has specialised expertise on tripartite cooperation, decent work and social dialogue in Central Europe. The projects are selected on the basis of a dialogue with the National Focal Point in each beneficiary state.

5.4.15 Justice

The Government intends to cooperate more closely with the beneficiary states on justice policy. The countries under the Schengen cooperation form a free-travel area with no border controls, which simplifies travel for their citizens. Unfortunately it also makes it easier for criminals to cross borders. The grant scheme supports programmes for improving prison conditions, combating organised crime and improving the efficiency of the judicial system. Combating domestic violence is also a priority. The review of the support for Schengen-related measures in 2004–09 recommended that the donors should set clearer priorities that would allow for the development of projects with clear and relevant objectives. The beneficiary states were criticised for not including the funding in their overall strategies. The grant scheme for 2009–14 is following this up.

Violence against women is a challenge for all European countries and is on the EU's agenda. The Council of Europe has estimated that 45 % of all women in Europe have at some point been exposed to sex-based violence, and that a further 80 000 or so women a year are victims of human trafficking. In recent years the UN, the Council of Europe and the EU have all taken steps to combat human trafficking and violence against women. The EEA and Norway Grants support these initiatives in the form of a programme whose objective is to prevent violence and provide assistance to trafficking victims.

The fight against organised crime has high priority in all the beneficiary states. All the EEA countries have signed the Council of Europe Convention on Action against Trafficking in Human Beings, and the objective of the grant scheme is to protect the security of the individual. Police cooperation is being strengthened, the capacity for combating international and organised crime is being increased and support is being provided for trafficking victims.

Fair judicial proceedings are an essential part of a democracy and a constitutional state, and independent, effective courts are vital for social and economic development. The objective of the EEA and Norway Grants in this sector is to improve the accessibility of the judiciary and the effectiveness of the courts. Alternative dispute resolution mechanisms will also be considered.

The number of prison inmates is increasing in many of the beneficiary states. Poor prison conditions increase the risk of substance abuse and the spread of infectious diseases. Funding from the grant scheme is intended to promote the use of non-custodial sanctions and assistance for vulnerable groups of prisoners.

The Norwegian Police Directorate, the Norwegian Courts Administration, the Correctional Services and the Directorate for Health and Social Affairs are donor programme partners, and the Council of Europe provides assistance for several of the programmes.

5.5 Special concerns

All the measures funded by the EEA and Norway Grants are required to be based on the principles of good governance, sustainable development and gender equality. In addition the MoUs with the beneficiary states lay down guidelines and specify special concerns for individual programmes or for the grant scheme as a whole. Inclusion of minorities is an example of a special concern.

In many countries the financial crisis in Europe has resulted in major cuts in the public sector and high unemployment. Large population groups are affected, and young people are finding it especially hard to enter the labour force. Expectations of economic growth and better times are being replaced by disillusionment and a sense of marginalisation. The youngest democracies in the EU have been hard hit by these problems, and in some of them the problems have provided a breeding ground for pessimism and for more authoritarian and less tolerant attitudes. Racism

and nationalism are spreading fear among minorities and vulnerable groups.

Norway considers it important to improve the situation of the Roma. Bulgaria, Greece, Romania, the Slovak Republic, the Czech Republic and Hungary have agreed to adopt at least one programme that takes special account of this group. In Romania 10% of the allocation to relevant programmes and in Bulgaria 10% of the total allocation should benefit the Roma. Combating discrimination and hate speech is also a priority.

Programmes have been started for domestic violence prevention in seven beneficiary states, and combating domestic violence can be mainstreamed into programmes for civil society and gender equality. Roma and migrant women are target groups for several programmes. A total of EUR 22 million has been allocated to programmes for combating domestic violence.

Programmes promoting gender equality will be established in six of the beneficiary states, and women and gender equality are mainstreamed into programmes for civil society, research, health, and domestic violence prevention in several beneficiary states. A total of EUR 24 million has been allocated to gender equality programmes.

5.5.1 Council of Europe

In order to intensify the efforts for human rights, democratisation and the judicial system that are supported under the EEA and Norway Grants, the Council of Europe is acting as adviser for several of the programmes. The Council sets international standards, for example through more than 200 international agreements, and provides examples of best practices. The Council's competence and knowledge are a resource for both donor and beneficiary states. It will act as adviser for 18 programmes in nine of the beneficiary states – Bulgaria, Romania, Poland, Hungary, the Czech Republic, the Slovak Republic, Latvia, Malta and Cyprus. The Council's expertise is particularly important in programmes for vulnerable groups like the Roma and trafficking and domestic violence victims. The Council also advises on the efforts to increase the effectiveness of the judicial system and improve conditions for serving sentences. The importance of teaching history in multicultural communities is another area where the Council has special expertise, and history teaching is included in several of the programmes. As part of the cooperation with the Council, annual conferences on relevant topics are

planned. Thus in autumn 2012 a conference will be held on the subject of young people, hate speech and social media.

5.6 Programmes in the individual beneficiary states

5.6.1 Estonia

Estonia has been receiving funding under the EEA and Norway Grants since it joined the EU and the EEA in 2004. The country's per capita GDP was 35 % lower than the EU average in 2010, and it is number 34 on the United Nations Human Development Index. Estonia is receiving EUR 48.6 million under the grant scheme for 2009–14, which is the largest per capita allocation.

Since there are a good number of Norwegian companies established in Estonia, it was decided to establish a green industry innovation programme in which Innovation Norway is the donor programme partner.

A programme is being started to improve the environment of the Baltic Sea and Estonia's inland waters, in which the Climate and Pollution Agency is the Norwegian partner. The possibilities for increased use of liquid natural gas in shipping is being investigated.

Children and young people at risk have been an important theme in Norway's cooperation with the Baltic countries for many years. The Association of Local and Regional Authorities is the Norwegian programme partner in this area.

Estonia faces considerable challenges in the health sector. For example the rapid spread of HIV could develop into a heavy social and political burden. Funding under the grant scheme is being allocated to programmes dealing with these challenges and with children's health.

Measures to promote gender equality are being funded under programmes on various themes, such as equality at work and combating domestic violence and human trafficking. The Ministry of Children, Equality and Social Inclusion is the Norwegian partner in a programme for reducing the wage gap between men and women and improving the work–life balance.

The support for renovation and adaptation of old manor houses for use as schools and community centres will be continued. The Norwegian Directorate for Cultural Heritage is a programme partner.

The research programme and the scholarship programme are receiving support, with the Research Council of Norway as the Norwegian

programme partner. The NGO fund is being used to strengthen civil society.

5.6.2 Latvia

Latvia has been receiving funding under the EEA and Norway Grants since it joined the EU and the EEA in 2004. The country's per capita GDP was 48 % lower than the EU average in 2010, and it is number 43 on the United Nations Human Development Index. Latvia is receiving EUR 73 million under the grant scheme for 2009–14, which is the next largest per capita allocation.

Latvia has a larger number of prisoners relative to population size than any other EU country. The country faces serious problems. Norway and Latvia have been cooperating on prison reform for many years, and in the current period priority will be given to rehabilitation, increasing the use of non-custodial sanctions and reducing the use of administrative punishments. The infrastructure will be upgraded and staff will receive training. Both the Norwegian Correctional Services and the Council of Europe are programme partners and will share experience and expertise.

A programme is being set up to assist Latvia in developing the basis for its climate policy, including adaptation to climate change. The Norwegian Climate and Pollution Agency and the Norwegian Directorate for Civil Protection and Emergency Planning are programme partners.

The Norwegian Association of Local and Regional Authorities is a programme partner in cooperation on capacity-building in the public sector, with particular focus on land use planning and public service provision. A number of Norwegian institutions are sharing their experience in these areas.

Latvia manages a substantial part of Europe's legacy of art nouveau architecture. Documentation and information activities and conservation of historical wood architecture are receiving funding. Cultural exchanges with Norway are also funded.

Funds are being allocated to Norwegian–Latvian research cooperation in the social sciences and humanities, and for scholarships. The programme partner is the Research Council of Norway.

Innovation Norway is participating in a green industry innovation programme and facilitates partnerships between the Norwegian and Latvian business sectors.

Support for NGOs has been almost doubled compared with the previous grant period. The financial crisis hit Latvia particularly hard, and the public welfare cuts have affected a large part of

the population. Half of the NGO fund is therefore being allocated to social welfare and other basic services, especially those for vulnerable children and young people. Latvia has a large Russian-speaking minority, and the NGO fund is providing support for multicultural dialogue and integration.

5.6.3 Lithuania

Lithuania has been receiving funding under the EEA and Norway Grants since it joined the EU and the EEA in 2004. The country's per capita GDP was 42 % lower than the EU average in 2010, and it is number 40 on the United Nations Human Development Index. Lithuania is receiving EUR 84 million under the grant scheme for 2009–14.

Crime prevention is a challenge in both Norway and Lithuania. The EEA and Norway Grants focus on improving the prison and judicial systems, combating international organised crime, and capacity-building and cooperation in the judicial system. The correctional services are also a priority. The Norwegian Courts Administration and the Norwegian Correctional Services are programme partners.

There is a large volume of maritime traffic in the Baltic SEA, and environmental problems are growing. This issue will be addressed in a programme for the marine areas. Funds are also being allocated for halting the loss of biodiversity. The Norwegian Directorate for Nature Management is programme partner, and the Norwegian Climate and Pollution Agency will assist Lithuania in improving its greenhouse gas inventory.

The Norwegian business sector has shown an interest in Lithuania, and cooperation is being facilitated through a green industry innovation programme. Innovation Norway is the programme partner.

Although health indicators in Lithuania have shown improvements, life expectancy is still below the EU average. The Lithuanian health-care system is in need of reform, and the new health programme has a focus on improving management and monitoring in the health sector and health services for young people.

Cultural support is focused on wood architecture. Funds are also allocated for cultural exchanges with Norway, and the scholarship fund will be continued in the current period.

5.6.4 Poland

Poland has been receiving funding under the EEA and Norway Grants since it joined the EU and the

EEA in 2004. The country's per capita GDP was 38 % lower than the EU average in 2010, and it is number 39 on the United Nations Human Development Index. Poland is receiving EUR 578.1 million under the grant scheme for 2009–14, making it the largest recipient of the Grants.

Environmental and energy cooperation is an important element in Norway's relations with Poland, and it has been agreed that EUR 137 million is to be used to co-finance a full-scale carbon capture and storage facility. The facility will be mainly financed by the EU, with technical cooperation with Gassnova. The project is under development.

Poland's economy is much more energy-intensive than that of most other European countries, and access to renewable energy sources is limited. The EEA and Norway Grants will therefore be used to improve energy efficiency in public buildings. Funds are also being allocated to an environmental monitoring and control programme in which the Climate and Pollution Agency and the Mapping Authority are Norwegian partners. Biodiversity conservation is also being funded.

Poland has the longest external border of all the Schengen countries, which means that international police cooperation and combating cross-border crime are important areas of cooperation. The EEA and Norway Grants will be used to strengthen the judicial system, increase the use of non-custodial sanctions and improve education and training among prison staff and inmates. Allocations are also given to the efforts to combat domestic and gender-based violence.

The health services are being made more accessible and the quality improved. The objective is to reduce social disparities. Particular priority is given to children, reproductive health, the elderly and lifestyle diseases. The Directorate for Health and Social Affairs is the Norwegian programme partner.

Research cooperation is a separate programme. The Research Council of Norway will facilitate contact between Norwegian and Polish research communities, and the Association of Local and Regional Authorities is a partner in a project for strengthening inter-municipal cooperation.

Support for cultural heritage conservation will be continued in the current period, including support for activities to promote cultural diversity. EUR 37 million will be allocated to the NGO fund, which means that the grant scheme will be making a visible contribution to civil society in 2009–14 as well as in the previous period. Support for student exchanges will be continued.

5.6.5 The Czech Republic

The Czech Republic has been receiving funding under the EEA and Norway Grants since it joined the EU and the EEA in 2004. The country's per capita GDP was 20 % lower than the EU average in 2010, and it is number 27 on the United Nations Human Development Index. The Czech Republic is receiving EUR 131.8 million under the grant scheme for 2009–14.

Research cooperation between Norway and the Czech Republic will be intensified through a bilateral research programme. The Research Council of Norway will facilitate contact between Norwegian and Czech research communities.

A health programme with a focus on mental health is being established in cooperation with the Norwegian Institute of Public Health. The grant scheme will also be used to improve the care services for vulnerable children and young people, including those from minority groups. In the justice sector, support is being given to the fight against international organised crime. The capacity of the judicial system is also being improved, with the Council of Europe as programme partner. A programme has been established to promote

gender equality in working life and reduce domestic violence. Support is also being given to local and regional development, with an emphasis on social inclusion.

Biodiversity conservation, environmental monitoring and adaptation to climate change are receiving support, and the Directorate for Nature Management is a programme partner. A specific programme will be set up for investigating whether there are suitable areas in the Czech Republic for carbon storage.

Cultural heritage conservation and revitalisation is being continued in 2009–14, and the Directorate for Cultural Heritage is a partner in some of the projects. A small fund for cultural exchanges with Norway has been set up, in which the Arts Council Norway is a programme partner. Researcher and student exchanges are being continued in the current period. An NGO fund has been established for civil society.

5.6.6 The Slovak Republic

The Slovak Republic has been receiving funding under the EEA and Norway Grants since it joined the EU and the EEA in 2004. The country's per



Figure 5.4 The EEA and Norway Grants have put recycling on the agenda in the region of Liptovský Mikuláš, in the Slovak Republic. Sorting at source has been introduced in 36 schools, and information campaigns have been conducted.

Photo: NGO fund, Slovak Republic

capita GDP was 26 % lower than the EU average in 2010, and it is number 35 on the United Nations Human Development Index. The Slovak Republic is receiving EUR 80.8 million under the grant scheme for 2009–14.

The Slovak Republic has shown considerable interest in closer cooperation with Norway in the business sector, and the green industry innovation programme is the largest programme under the grant scheme. Innovation Norway is a partner and is facilitating contact between the two countries' business sectors.

Climate change is making the Slovak Republic more vulnerable to flooding. The Norwegian Water Resources and Energy Directorate and the Norwegian Directorate for Civil Protection and Emergency Planning are partners in flood protection and management efforts.

The Directorate for Health and Social Affairs and the Council of Europe are participating in a programme to combat domestic violence and assist victims.

Substantial support is being given to cross-border contact and cooperation with Ukraine. The Barents Secretariat in Norway is participating in these activities and sharing its experience of cross-border cooperation with Russia.

The Council of Europe is also participating in a programme for promoting social inclusion, with particular focus on the Roma.

Funding has been allocated for protecting and revitalising the cultural heritage, with the Directorate for Cultural Heritage as the Norwegian programme partner. A fund has been set up for promoting diversity in culture and the arts. Support for NGOs has been increased. The scholarship fund for students and educators will be continued.

5.6.7 Hungary

Hungary has been receiving funding under the EEA and Norway Grants since it joined the EU and the EEA in 2004. The country's per capita GDP was 36 % lower than the EU average in 2010, and it is number 38 on the United Nations Human Development Index. The country is facing major economic and political challenges. Hungary is receiving EUR 153.3 million under the grant scheme for 2009–14.

Norway considers green industry innovation, research and support for civil society to be particularly important in Hungary. Innovation Norway is a partner in the green industry innovation programme and facilitates cooperation between the Norwegian and Hungarian business sectors.

Broad research cooperation between Norway and Hungary was established under the grant scheme for 2004–09, and this support has been more than doubled in the current period. Funding is given to research projects in the fields of environment, health, the social sciences and the humanities, and the Research Council of Norway is the programme partner.

The grant scheme is also being used to promote energy efficiency, renewable energy use and adaptation to climate change. The Norwegian Directorate for Civil Protection and Emergency Planning is a partner in the climate change adaptation programme.

Health-related measures and measures for children and young people at risk are also being funded, and the Council of Europe is involved in the latter programme. There will be a particular focus on vulnerable groups such as the Roma. Funding under the grant scheme is being used to reduce disparities, prevent lifestyle diseases and improve the quality of and access to health services, with a particular focus on mental health. The Norwegian partner is the Institute of Public Health.

The Directorate for Cultural Heritage is the Norwegian partner in the programme for cultural heritage conservation. The scholarship programme has been expanded and support for civil society has been increased.

5.6.8 Slovenia

Slovenia has been receiving funding under the EEA and Norway Grants since it joined the EU and the EEA in 2004. The country's per capita GDP was 14 % lower than the EU average in 2010, and it is number 21 on the United Nations Human Development Index, making it the highest ranking of the beneficiary states. Slovenia is receiving EUR 26.9 million under the grant scheme for 2009–14.

Health is a priority area in the cooperation with Slovenia. Funds have been allocated to a programme to reduce health disparities, prevent lifestyle diseases and improve the mental health service. The Institute of Public Health is the Norwegian programme partner. In addition to health, support is being given to work for gender equality.

Support for cultural heritage conservation and revitalisation is being continued, with a focus on restoring and opening historic monuments and sites to the public. This will promote local and regional development. In the area of environment, support is going to biodiversity conservation. The

mapping authorities in Norway, Iceland and Slovenia are cooperating on an environmental monitoring project. The NGO fund supports measures to meet the needs of children and young people, and vulnerable groups such as the Roma. A scholarship fund has been established.

5.6.9 Romania

Romania has been receiving funding under the EEA and Norway Grants since it joined the EU and the EEA in 2007. The country's per capita GDP was 55 % lower than the EU average in 2010. It is number 50 on the United Nations Human Development Index, making it the highest-ranking of the beneficiary states. Romania is receiving EUR 306 million under the grant scheme for 2009–14, making it the second largest recipient.

Romania is facing considerable challenges in the justice sector, and a broad-based effort is being made in this area. Priority is being given to combating domestic violence and organised crime, strengthening the courts administration, and improving the judicial system and the correctional services. The Police Directorate, the Courts Administration and the Correctional Services are the Norwegian partners, and the Council of Europe participates.

Based on the positive experiences in the 2007–09 period, and in order to stimulate employment and economic growth, Innovation Norway will administer a programme for green industry innovation and a programme in the maritime sector. Cooperation with Norwegian partners is expected.

The largest single programme, for which EUR 40 million has been allocated, is concerned with carbon capture and storage, and Gassnova is the Norwegian partner. The Climate and Pollution Agency, the Directorate for Nature Management, the Water Resources and Energy Directorate and the Association of Local and Regional Authorities, together with the Norwegian and Icelandic mapping authorities, are donor partners in various environmental programmes, including a large biodiversity conservation programme. The Radiation Protection Authority will continue to be the Norwegian partner in a programme on nuclear safety.

Romania has a rich cultural heritage, and the Directorate for Cultural Heritage and the Arts Council Norway are programme partners in this sector. Research cooperation with Romania has increased over the last few years, and is being strengthened through a new research programme in which the Research Council of Norway is

involved. The scholarship fund will also be continued. The health sector in Romania is in deep crisis, and the EEA and Norway Grants are being used to fund measures in the health services. Support for civil society will also be increased substantially in the current period.

Ten per cent of the allocations to relevant programmes are set aside for improving the situation of the Roma. The Council of Europe supplies expertise in this connection.

5.6.10 Bulgaria

Bulgaria has been receiving funding under the EEA and Norway Grants since it joined the EU and the EEA in 2007. The country's per capita GDP was 56 % lower than the EU average in 2010, making it the poorest country in the EU, and it is number 55 on the United Nations Human Development Index. Bulgaria is receiving EUR 126.6 million under the grant scheme for 2009–14, making it the fifth largest recipient.

In the MoU with Bulgaria, the justice sector was defined as a priority sector, and the Council of Europe is the donor programme partner. The focus is on prison reform, improving the courts system and combating domestic violence. Another partner is the Police Directorate, which participates, with support from the Council of Europe, in the cooperation on combating international organised crime, including human trafficking.

Environmental and energy measures have received the largest allocation. Innovation Norway is responsible for the green industry innovation programme, and the Climate and Pollution Agency, the Water Resources and Energy Directorate and the Directorate for Nature Management are Norwegian partners in programmes promoting energy efficiency, water resources management and halting the loss of biodiversity.

A programme for capacity-building in the public sector is being developed with the Association of Local and Regional Authorities as Norwegian programme partner. The programme includes cooperation and exchange of knowledge with Norwegian institutions and local authorities. The Barents Secretariat is participating in a project for cross-border cooperation.

Funds have also been allocated to measures in the health and cultural heritage sectors. Ten per cent of the EEA and Norway Grants in Bulgaria is intended to be used to improve the situation of the Roma. Support for civil society and the scholarship fund will be continued in the current period.

5.6.11 Portugal

Portugal has been receiving support from Norway since the EEA Agreement entered into force in 1994. The country's per capita GDP was 19 % lower than the EU average in 2010, and it is number 41 on the United Nations Human Development Index. Portugal is receiving EUR 58 million under the grant scheme for 2009–14.

Like Norway, Portugal has a long coastline, and it is therefore natural for the two countries to cooperate on integrated management of marine resources. The Norwegian and Icelandic mapping authorities participate in some of the programmes. The Directorate for Civil Protection and Emergency Planning is the Norwegian partner in a programme on adaptation to climate change. Portugal and Iceland are also partners in a programme on the use of geothermal energy in the Azores.

The Institute of Public Health is the Norwegian partner in a programme to improve access to health care. Support for cultural heritage conservation will be continued, and a small cultural exchange programme has been established with the Arts Council Norway as a partner. The Association of Local and Regional Authorities will participate in a programme for mainstreaming gender equality. Ten per cent of the total support for Portugal has been allocated to a new NGO fund.

5.6.12 Spain

Spain has been receiving support from Norway since the EEA Agreement entered into force in 1994. The country's per capita GDP was at the same level as the EU average in 2010, and it is number 23 on the United Nations Human Development Index. Spain is receiving EUR 45.9 million under the grant scheme for 2009–14.

Environment is the largest programme area in Spain during the current period, and a specific programme has been established for climate change-related research and technology. Particular attention is to be paid to the renewable energy sources hydropower, solar power, wind power and marine energy. Innovation Norway is a programme partner, and exchanges of knowledge and experience between Norway and Spain are a key element in the cooperation.

Norway and Spain cooperate on promoting gender equality. The Equality and Anti-discrimination Ombudsman is the Norwegian partner in a programme on gender equality in the workplace, women entrepreneurship and women's participa-

tion in the labour force. The Association of Local and Regional Authorities is also involved in the programme.

A new NGO fund is being established. Support for conservation of the natural and cultural heritage is being continued. A cultural exchange fund has also been set up, and the scholarship fund for students and researchers has been doubled.

5.6.13 Greece

Greece has been receiving support from Norway since the EEA Agreement entered into force in 1994. The country's per capita GDP was 11 % lower than the EU average in 2010, and it is number 29 on the United Nations Human Development Index. Greece is receiving EUR 63.4 million under the grant scheme for 2009–14.

Greece faces major political, economic and social challenges. Priority is being given to environmental programmes and the asylum and migration sector.

The large flow of asylum-seekers and illegal immigrants into Greece is a serious problem. A programme has been set up on the reception system for newly arrived asylum-seekers, especially the reception of vulnerable groups such as unaccompanied minor asylum-seekers. Another programme has the objective of capacity-building in the national asylum and migration management systems so as to safeguard the rights of asylum-seekers. The Directorate of Immigration is the donor programme partner, and the IOM provides assistance for a project on voluntary return. UNHCR is receiving support for assisting the Greek authorities in the work on the Action Plan for Migration Management. The EEA and Norway Grants are supplementing EU efforts in this area.

Water resources management and renewable energy also receive support. A new NGO fund and a research programme are being set up.

5.6.14 Cyprus

Cyprus has been receiving funding under the EEA and Norway Grants since it joined the EU and the EEA in 2004. The country's per capita GDP was only 2 % lower than the EU average in 2010, and it is number 31 on the United Nations Human Development Index, making it the highest ranking of the beneficiary states. Cyprus is receiving EUR 7.9 million under the grant scheme for 2009–14.

The conflict in Cyprus has political, economic and social consequences for the country. The

funds under the EEA and Norway Grants are divided between a number of predefined projects in the health, environment and cultural sectors. An NGO fund is being set up to facilitate contact between Greek Cypriot and Turkish Cypriot NGO. Support for the Home for Cooperation in the UN-controlled buffer zone is being continued. The Shelter Movement in Norway is cooperating with Cypriot partners on combating domestic violence, and a project has been established to address the problem of money laundering.

5.6.15 Malta

Malta has been receiving funding under the EEA and Norway Grants since it joined the EU and the EEA in 2004. The country's per capita GDP was 17 % lower than the EU average in 2010, and it is

number 36 on the United Nations Human Development Index. Malta is receiving EUR 4.5 million under the grant scheme for 2009–14.

Malta receives little support, and the funds are therefore concentrated on a few individual projects. Among these is the development of an algae biofuel production facility that will increase renewable energy production. A project is also being conducted in cooperation with Norwegian partners for developing a national emergency response system for acute oil pollution.

A project has been set up for the development of a new environmental management system for the World Heritage site of Hal Saflieni Hypogeum.

In the justice sector funding is being allocated to improving rehabilitation for young offenders. An NGO fund has been established.

6 Performance and risk management

6.1 Administration

The EEA and Norway Grants are allocated annually under Chapter 117, EEA and Norway Grants, of the budget (previously Chapter 116, Participation in international organisations). The size of the allocation in Norwegian krone depends on the value of the euro.

The Ministry of Foreign Affairs has administrative responsibility for the EEA and Norway Grants in Norway, and the Financial Mechanism Office (FMO), which serves as the secretariat, is responsible for the day-to-day administration. The FMO is administratively subordinate to the EFTA Secretariat, and its tasks include quality assurance, payments, control measures and information activities. The FMO is located in Brussels and employs around 50 people (March 2012). Iceland, Liechtenstein and Norway cooperate on management of the EEA and Norway Grants through the Financial Mechanism Committee (FMC), of which Norway is the head. The administrative expenses are covered by the Grants. A sum corresponding to 7.5 % of the total funds is set aside to cover the donors' administrative expenses and expenses incurred by public agencies from the donor states participating as programme partners (DPPs).

Innovation Norway administers the Fund for the Promotion of Decent Work and Tripartite Dialogue. Innovation Norway is also the programme operator for the green industry innovation programmes in Bulgaria and Romania, and the maritime sector in Romania.

The ministry in each beneficiary state responsible for implementing the EEA and Norway Grants is specified in the MoU with that country. In most of them this is also the ministry that is responsible for the EU Structural Funds. A programme operator is appointed for each programme. In many cases this is the ministry responsible for the sector concerned; for example, the environment ministry is usually the programme operator for environmental programmes. The NGO Funds are always administered by an NGO.

The time limit for implementing the programmes is 1 April 2016.

6.2 Verifiable objectives

The necessity for the programmes to have concrete results and long-term impacts that can be measured was stressed when the EEA and Norway Grants scheme was drawn up. An overall objective is determined for each programme area, together with the expected outcomes and outputs of the programme, which serve as performance indicators. The beneficiary state uses this framework when planning how the funds are to be used.

The programmes proposed by the beneficiary states are based on this framework. The programme proposal must define the target groups, the eligible applicants and the selection criteria for the projects. The FMO maintains contact with the programme operator during the planning phase, and assesses the programme's relevance, feasibility, risk and sustainability. The donors make the final decision on the allocation of funds, and conclude an agreement on each programme.

The donor states meet with the various government agencies responsible for the programmes in

Box 6.1 Objective and performance indicators for renewable energy

The overall objective for this programme area is to increase the share of renewable energy in energy use. The programme proposal should specify programme outcomes such as "increased use of renewable energy in the transport sector" or "development of investment schemes for green industry". Programme outputs are then determined that are as specific as possible, for example in terms of a reduction in CO₂ emissions in tonnes per year. All projects that receive support are to contribute to achieving this specific output.

each country (the National Focal Points) at least once a year to discuss performance and implementation. Before the meeting the beneficiary state reports on the progress towards the outcomes in the form of the results achieved so far, and on the probability that the overall objective will be met for each programme area.

The beneficiary states evaluate the programmes according to a plan approved by the donor states. The purpose of the evaluation is to verify whether the objectives have been achieved, assess whether the resources have been used effectively, and systematically coordinate lessons learned. As was done in 2004–09, the donor states will also evaluate programmes as necessary. A mid-term report and a final evaluation for the period 2009–14 will be conducted.

6.3 Transparency

The allocations under the EEA and Norway Grants scheme represent significant financial support for the beneficiary states. Allocating funds to individual projects is therefore a great responsibility, and it is important that the criteria are verifiable and that the process is transparent. The

National Focal Point is required to make information on the EEA and Norway Grants easily available on a specific website, including the application procedures and a list of projects that have received funding. The FMO is also required to publish information on all the programmes and their results on its website.

Projects must be selected on an impartial basis, and the beneficiary state is responsible for ensuring that no actor with interests affecting the project is involved in the decisions. The donor states are entitled to have access to all information throughout the process, and to intervene in the event of irregularities. The Norwegian embassies in the beneficiary states are well informed on local conditions and are an important source of information. In programmes with a Norwegian partner, the Norwegian partner is also required to advise on the selection process. The rules of the grant scheme specify clear procedures for the allocation process.

6.4 Risk assessments, control and audit

Management of the EEA and Norway Grants is based on a division of responsibility between the



Figure 6.1 The EEA and Norway Grants have served to improve conditions in a number of Baltic prisons. Allocations have been made for training and rehabilitation, such as in this juvenile prison in Kaunas, Lithuania.

Photo: Kaunas Juvenile Interrogation and Correction Facility

donor and the beneficiary states. The latter are responsible for implementing the agreed programmes in the MoU and for achieving the objectives. They are also responsible for preventing, detecting and investigating irregularities. Any suspected violation such as corruption, fraud or bribery, irrespective of the size of the amount, must be immediately reported via the FMO to the Financial Mechanism Committee and the Norwegian Ministry of Foreign Affairs. Other forms of misuse and other factors that could negatively affect use of the funds must also be reported immediately to the FMO. The beneficiary states must report on the steps they have taken to investigate suspected irregularities and on the action taken. The FMO publishes a list of resolved cases of irregularity on its website every quarter. All the beneficiary states are required to set up a whistle-blowing channel for complaints from the public, and to conduct an audit for all programmes.

The FMO disburses funds for the programmes on the basis of progress reports. In the event of suspected or actual irregularities, the donors may suspend payment immediately. Donors may also demand that disbursed funds are reimbursed in the event of breach of a grant agreement.

In order to ensure sound management of the funds by the beneficiary states, the donor states evaluate the management system in each country before disbursing the funds. This includes approving the body that will undertake the audit and evaluating the management arrangement for each programme.

The beneficiary states are responsible for monitoring and control of all programmes and projects. However, the donor states also conduct their own audit and take other monitoring measures that may be necessary. Risk assessments for each country and programme are performed using tools specially designed for the EEA and Norway Grants by TI. These form the basis for the donors' decisions on control and audit measures and ensure that monitoring and control measures are directed at high-risk programmes and countries.

The European Commission closely follows the member states' use of the EU Structural Funds. The FMO is in regular contact with the relevant directorates under the European Commission, and provides information on implementation of the programmes in the beneficiary states. In most of the beneficiary states the institutions that manage the EU Structural Funds and the EEA and Norway Grants are the same. In 2008, Norway, Iceland and Liechtenstein suspended payments to Bulgaria after the Commission had detected irregularities in the management of the Structural Funds. The suspension was repealed when Bulgaria transferred responsibility for the funds to a different body whose procedures had been approved. The European Anti-Fraud Office (OLAF) may share information with both the donor and the beneficiary states. Contact has also been established with the UN Convention against Corruption (UNODC) and with GRECO, the Council of Europe's anti-corruption body.

7 The way ahead

The Government's intention in this white paper is to describe the objectives and implementation of the EEA and Norway Grants scheme. Norway's open, export-oriented economy is dependent on and strongly influenced by developments in Europe, and Norway and the beneficiary states have a common interest in strengthening the internal market. In many EU countries the financial crisis has resulted in major cuts in the public sector and high unemployment, and this has affected large population groups. Young people are finding it especially hard to enter the labour force. Expectations of economic growth and better times are being replaced by disillusion and a sense of marginalisation. Some countries are experiencing political instability. Norway is playing a part in alleviating these problems, most importantly through investment, loans via the International Monetary Fund, and the EEA and Norway Grants. This grant scheme is providing substantial assistance to certain priority sectors that are under pressure from the current crisis.

The Government intends the EEA and Norway Grants to help strengthen bilateral relations between Norway and the beneficiary states, and the programmes are being developed in areas where Norway and the beneficiary states have common interests. Norwegian expertise will be

involved in exchanges of knowledge and best practices in the planning and implementation of the programmes, and measures will be taken to make it possible for Norwegian organisations, institutions, companies, the social partners, NGOs and other actors to participate in projects. The forging of ties at programme and project level in a broad range of areas is expected to strengthen cooperation between Norway and the beneficiary states beyond the period of the individual programmes and projects. The Government's objective is that the EEA and Norway Grants should demonstrate that Norway is a stable and reliable partner that contributes to the achievement of common European objectives in the areas of environment and climate, research and innovation, competence-building, and fundamental democratic values.

The Ministry of Foreign Affairs

h e r e b y r e c o m m e n d s :

that the recommendation from the Ministry of Foreign Affairs on the EEA and Norway Grants – Solidarity and Cooperation in Europe dated 27 April 2012 should be submitted to the Storting.

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