

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

Submitted for evaluation by the Monitoring Committee for the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism on 10 March 2015

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## List of abbreviations

FMO	FINANCIAL MECHANISM OFFICE IN BRUSSELS
DoRIS	DOCUMENTATION, REPORTING AND INFORMATION SYSTEM
CCS	CARBON CAPTURE AND STORAGE
EEA	EUROPEAN ECONOMIC AREA
FBR	FUND FOR BILATERAL RELATIONS
IFR	INTERIM FINANCIAL REPORT
NFP	NATIONAL FOCAL POINT
MoU	MEMORANDUM OF UNDERSTANDING
MCNH	MINISTRY OF CULTURE AND NATIONAL HERITAGE
MI	MINISTRY OF THE INTERIOR
UN	UNITED NATIONS
PO	PROGRAMME OPERATOR
OECD	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT
DMCS	DESCRIPTION OF THE MANAGEMENT AND CONTROL SYSTEM
RES	RENEWABLE ENERGY SOURCES
GDP	GROSS DOMESTIC PRODUCT
REGULATION	REGULATION ON THE IMPLEMENTATION OF THE FINANCIAL MECHANISM
WHO	WORLD HEALTH ORGANIZATION

## 1 SUMMARY

2014 was mainly devoted to calls for proposals, which are ending under this edition, evaluation of applications and the implementation of already selected projects. From the point of view of efficient use of funds, the reallocation of funds between programmes, within the deadline laid down in the *Regulations*, was also an important activity.

As at 31 December 2014, the level of fund contractation under the EEA Financial Mechanism and the Norwegian Financial Mechanism was EUR 534,742,500, i.e. 100% of the allocation for the programmes.

Summing up the year, it can be said that all programmes were at the stage of implementation: the majority of calls for proposals were resolved, and the process of signing agreements with the beneficiaries of individual projects was ongoing. Consequently, in 2015 the programmes are entering the stage of intensive project implementation, close monitoring of planned initiatives and responding to project risks.

In the past year, actions that serve strengthening and expanding bilateral cooperation were implemented on the basis of a *Work Plan* approved by the donors in December 2013. Therefore, 17 events were implemented in 2014. Compared to the previous year, this number suggests an increasing interest in actions implemented using the Fund. The set of thematic areas under which the beneficiaries implemented their initiatives was extended.

In accordance with the plan, the projects will enter the stage of intensive implementation this year. Effects are to be expected, and a related increase in the visibility of the EEA and Norway Grants in Poland. 2015 is also a key year from the point of view of achieving the assumed indicators and results. This year, the last planned call for proposals was announced (PL10), and five contests will be resolved under programmes PL04, PL05, PL10, PL15 and PL18.

Considering the potential risks, it should be mentioned that at present the greatest challenge for the operators and beneficiaries of a considerable number of co-funded projects is their implementation within the expenditure eligibility period, i.e. (in the vast majority of cases) by 30 April 2016. This particularly concerns the projects which have no time reserve provided for in their schedules (such as PL04, PL08, PL13), as well as the projects selected under additional calls for proposals or co-funded as a result of the final reallocation, and infrastructural projects conditioned by public procurement.

## 2 ASSESSMENT OF EFFECTS AT THE NATIONAL LEVEL

### 2.1 Cohesion

In 2014 Poland celebrated the 10th anniversary of European Union membership. These ten years have influenced the development of the country's socio-economic situation greatly. Union accession enhanced Poland's integration with other Member States, and with the countries which have close relations with the European Union, including those belonging to the European Economic Area. A tool helpful in entering the growth path consisted in funds from the EU as well as aid programmes of non-EU countries. Thanks to the support Poland received, and due to introduction of concrete reforms, the country's situation on the European and global level changed considerably. The effects are visible to the naked eye, but are also reflected by many publications and statistics collected in this study.

Macroeconomic indicators referring to both economic and social matters, as well as data concerning the quality of governance, which can be attributed to every country in the world, are presented below. This information allows illustrating the stage of Poland's development globally and in Europe. The scope of this study can help in defining the strengths and weaknesses, opportunities and threats, and in preparing relevant work plans and remedial actions that would contribute to the country's cohesion and strengthening its socio-economic development to the greatest possible extent.

**At present, Poland's population is 38.22 million, the average age of Polish citizens is 39.41 years.**<sup>1</sup> The average life expectancy follows an increasing trend and according to UN data it is currently 76.41 years.<sup>2</sup> According to information collected in 2013, Poland is experiencing a **negative birth rate**, which means that the number of live births is lower than the number of deaths. According to information of the Central Statistical Office (CSO),<sup>3</sup> the birth rate recorded in Poland in 2013 was -0.04%. The U.S. Central Intelligence Agency, which keeps records of the birth rates in 233 countries and dependent territories globally, claims that the negative birth rate in Poland was at the level of 0.11%, whereby Poland ranks 203rd in the world – a very low rank.<sup>4</sup> It should be noted that a similar trend is observed in many European countries which usually ranked low in this respect – in the second and third hundreds of the countries and territories covered by the ranking. Among European countries only Cyprus (birth rate of 1.48%) and Ireland (1.2%) can be found in the first hundred of the global ranking, they rank 82nd and 99th, respectively. The third European country with the highest birth rate is Norway, whose birth rate of 1.19% places it as 101st in the ranking. The lowest birth rate in Europe was recorded in Moldova (-1.02%, 231st in the world) and in Bulgaria (-0.83%, 229th rank). The negative birth rate and an increase

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<sup>1</sup> <http://hdr.undp.org/en/countries/profiles/POL>

<sup>2</sup> *Ibidem.*

<sup>3</sup> [http://stat.gov.pl/cps/rde/xbcr/gus/L\\_podst\\_inf\\_o\\_rozwoju\\_dem\\_pl\\_do\\_2013.pdf](http://stat.gov.pl/cps/rde/xbcr/gus/L_podst_inf_o_rozwoju_dem_pl_do_2013.pdf)

<sup>4</sup> <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2002rank.html>

in average life expectancy are the factors which will constitute a serious challenge to the structure of European welfare and health care systems for the next several dozen years. It can be expected that they will also affect the financial systems of the Continent countries to a large extent.

**The socio-economic situation of countries of the world** is measured comprehensively by the *Global Competitiveness Report* – an annual study by the World Economic Forum. The Report evaluates 12 pillars of correct functioning of the state. The evaluation covers state institutions, infrastructure, macroeconomic development, health and education, market size related to domestic and foreign trade, efficiency of labour markets and markets of services, financial market development, innovation, technological development of the state and absorption of new technologies. In the most recent ranking for 2014/15 Poland was ranked 43rd among 144 countries globally,<sup>5</sup> which is one rank lower than in the analogous ranking in the previous year. The leader of global competitiveness is Switzerland, which outpaced Singapore and the United States. Similar to previous years, Poland's position in the ranking is that of one of the best-developed countries in Central and Eastern Europe. It is a matter of concern, however, that since 2010 – when Poland ranked 39th – the country has not improved its standing. Other countries in the region managed to improve their ranks. Similar to the previous year, Poland was evaluated as doing worse than Estonia (29th, up from 32nd), but it was also outpaced by the Czech Republic (37th, up from 46th), Lithuania (41st, previously 48th) and Latvia (42nd, previously 52nd). Focusing on individual elements of Poland's evaluation in the competitiveness ranking, the pillar related to the Polish market received most praise and was classified as 19th in the world. The good opinion was due to high value of goods and services exports and high value of gross domestic products compared to many other countries. The labour market received the least favourable opinion, and was classified as 79th globally. Such a low rank was due to the fact that Poland is perceived as a country with very limited capacity to attract talented personnel from abroad and one which is unable to retain talents on its labour market. Also, the practices of employers related to hiring and dismissing employees received a negative opinion. The cooperation between employees and employers did not receive a much more favourable opinion. The pillar that requires strengthening is also innovation, ranked 72nd globally. The key challenge here will be to increase the currently insufficient spending of state bodies and enterprises on research and development and to encourage public bodies to procure more technologically advanced products.

Poland ranks 35th in terms of the **Human development index (HDI)**,<sup>6</sup> a UN measure which serves comparing the social development of countries in the world. The final rank is influenced by partial data evaluating areas with direct influence on the quality of life of citizens, such as education, the quality of

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<sup>5</sup> <http://reports.weforum.org/global-competitiveness-report-2014-2015/economies/#indexId=GCI&economy=POL>

<sup>6</sup> <http://hdr.undp.org/sites/default/files/hdr14-report-en-1.pdf>

health care and welfare, poverty, environmental protection, observance of citizens' rights, gender equality and international integration. According to the UN classification, Poland belongs to highly developed countries, but there is still a large gap between Poland and the countries with the highest level of social development. The top-ranking country is Norway, followed by Australia and Switzerland.

When it comes to economic aspects, data provided by the Central Statistical Office show that in 2013 Poland's **economic growth** stood at 1.6%. Also data for 2012 were adjusted: according to final information the year ended with growth at the level of 2%.<sup>7</sup> In line with expectations, 2014 brought about an increase in economic growth. According to estimates, in the first, second and third quarter gross domestic product increased compared to analogous periods in previous years (i.e. GDP not seasonally adjusted) by 3.4%, 3.5% and 3.3%, respectively.<sup>8</sup> Referring to the data provided by Eurostat, it is visible that in the first three quarters of 2014 the Polish economy was one of the fastest-developing economies in the European Union and only Ireland, Malta and the United Kingdom achieved higher growth indicator values.<sup>9</sup> Final data on GDP growth in 2014 will be presented in April 2015. Assuming that the growth projections, which envisage a similar growth to that in the previous quarters, would materialise, Poland's economic growth in 2014 would be about 3.4%, i.e. it will be over half a percentage point higher than the projected growth assumed by the European Commission several months earlier. The average increase in real GDP of the European Union in 2014 is expected to amount to 1.3%, and in euro area countries it will most probably be lower by a half of a percentage point.<sup>10</sup>

In 2013 **gross domestic product per capita** in Poland exceeded 67% of the EU average.<sup>11</sup> It is estimated that an average Polish citizen generated income of EUR 17,900 (EUR 500 more than in 2013), while the average for the EU-28 was EUR 26,600 (EUR 100 more compared to 2013). Comparing these data with records for the previous years, it can be seen that Polish GDP per capita has been increasing on a regular, stable basis both in terms of the amount and compared to the EU average. Despite constant improvement, Poland remains in the group of EU countries where gross domestic product per capita is the lowest. Only Bulgaria, Croatia, Romania, Latvia and Hungary ranked lower. What is more, the gap between Poland and the countries directly outstrip it: Lithuania, Estonia and Slovakia remains quite distinct.

According to information presented by Eurostat, in 2013 Poland's **public debt** amounted to 55.7% of GDP, which means that it was 1.3 percentage points higher than the debt level recorded the year

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<sup>7</sup> According to earlier CSO data, economic growth in 2012 was at the level of 1.9%.

<sup>8</sup> <http://stat.gov.pl/obszary-tematyczne/rachunki-narodowe/kwartalne-rachunki-narodowe/szybki-szacunek-produktu-krajowego-brutto-za-iii-kwartal-2014-r-,1,7.html>

<sup>9</sup> <http://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=teina011&language=en>

<sup>10</sup> [http://europa.eu/rapid/press-release\\_IP-14-1362\\_pl.htm](http://europa.eu/rapid/press-release_IP-14-1362_pl.htm)

<sup>11</sup> <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&plugin=1&language=en&pcode=tec00114>

before.<sup>12</sup> These data are close to the results of Finland and Slovakia in percentage terms, and lower than the average public debt of EU-28, which amounted to 85.4% of GDP. The highest level of public debt in the European Union was reached by countries affected by the economic crisis to a great extent: Greece (174.9% of debt), Portugal (128%), Italy (127.9%) and Ireland (123.3%). On the other extreme there was Estonia (10.1% of debt) and Bulgaria (18.3%). In 2014, Poland's public debt was reduced, which was mainly the result of introducing changes to the open pension fund system. It is estimated that Poland ended 2014 with public debt in relation to GDP at the level between 43% and 48%,<sup>13</sup> but these data will be officially announced at a later date.

**The level of social inequality** in Poland is regularly decreasing. The causes of inequalities in the distribution of goods are complex and depend on a number of factors. On the basis of the Gini coefficient, commonly used in econometrics, the level of unequal distribution of goods is quantified. The higher disproportions in a given country, the higher the quantified coefficient. In 2013 in Poland the Gini coefficient amounted to 30.7 (reduced by 0.2 in comparison to 2012) against the EU average of 30.5 (lower by 0.1 in comparison to 2012).<sup>14</sup> The presented data indicate that the level of Polish society's stratification is decreasing and soon, as long as this trend continues, it can achieve the level of the European Union. In the European Union the greatest social inequities are observed in Latvia (Gini coefficient at the level of 35.2), whereas the most cohesive country as regards the distribution of goods is Slovakia (24.2). On the scale of entire Europe, better results were achieved by Norway (22.7) and Iceland (24.0).

In Poland the **unemployment level**<sup>15</sup> at the end of 2013 was at a stable level of 10%. At the beginning of 2014, unemployment began to regularly decrease to the level of 8.3% in October. It was the lowest level of unemployment in Poland since July 2009, similar to the level achieved in Sweden (8.1%) and considerably lower than the EU average (10%). Some disproportions in **gender-based employment level** can still be observed, but they demonstrate a declining trend. In October 2014 the unemployment rate for men was 7.9% and 9% for women. The **unemployment rate of young adults** – below 25 years of age – still remains high. In October 2014 unemployment in this group amounted to 23.4% and in spite of a substantial improvement in comparison to the analogous period of the previous year, it was 4.4 percentage points higher than the EU average. The highest unemployment rate among young adults in the EU can be observed in Spain (53.8%), and the lowest in Denmark (7.8%).

According to Eurostat data, in Poland the number of **people at risk of poverty and social exclusion** is regularly decreasing.<sup>16</sup> In 2012 it was 26.7% of the society and in 2013 – 25.8%. Despite the

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<sup>12</sup> <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&plugin=1&language=en&pcode=teina225>

<sup>13</sup> Opinion of Piotr Marczak, Director of the Public Debt Department at the Ministry of Finance.

<sup>14</sup> <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&language=en&pcode=tessi190>

<sup>15</sup> <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

<sup>16</sup> [http://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=0&pcode=t2020\\_50&language=en](http://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=0&pcode=t2020_50&language=en)



improvement, this value is still higher than the EU average, which amounts to 24.5%. On the EU scale, the highest number of people at risk of poverty and social exclusion live in Bulgaria (48%) and the lowest number in Finland (16%).

In annual terms, **spending on research and development**,<sup>17</sup> which in 2013 amounted 0.87% of the Polish GDP, decreased. According to Eurostat data, this value is 0.02 percentage points lower than that achieved in 2012 and as much as 1.15 percentage points lower than the EU-28 average. Decreasing the share of GDP in financing the area of research and development calls into question the possibility of Poland to achieve the target indicator of 1.7% of GDP agreed in the framework of the EU strategy for social development Europe 2020. The largest share of the national budget for research and development is allocated by Finland, Sweden and Denmark: 3.32%, 3.21% and 3.05%, respectively.

Poland is making continued progress in the area of **counteracting the climate change and fostering environmental protection**, which systematically brings it closer to reaching the objectives provided for in the Europe 2020 strategy. The most recent Eurostat data concerning this issue come from 2012. Poland succeeded in increasing the percentage share of renewable energy sources compared to the total volume of generated energy to 11% (10.4% in 2011). The greenhouse gas emissions, which in 2012 amounted to 85.85% of the baseline emission value determined in 1990 (in 2011 it amounted to 87.19%), also decreased.

The remaining data presented in the analysis concern the indicators reflecting the governance status.

On the basis of annually presented results of studies by the Transparency International, the **corruption perception level** is measured in individual countries in the world. From one year to another, Poland gets more and more points in the ranking, which means that statistically there are less and less phenomena perceived as corruption. Poland was granted 61 points out of the possible 100 (1 point more than in 2013) and ranked 35th among the 175 countries under analysis. The lowest level of corruption is perceived in Denmark (92 points), while Italy and Greece (43 points) are perceived as the most corrupt states.

With the score of 67 points, Poland ranked 50th in the **ranking determining economic freedom** for 2014 developed by the Heritage Foundation in cooperation with the Wall Street Journal. It is the country's best result in history and 7 ranks higher than in 2013. Poland's score is higher than the global average (60.3 points) and slightly lower than the European average (67.1 points). Poland is classified among the economically 'moderately free' countries, and its significant progress achieved over the past few years is emphasised. Economic reforms, such as the liberalisation of trade, extending the privatisation process, implementation of competitively low rates of corporate income tax, as well as the modernisation of the legal environment, enable Poland to be among the 20 countries where economic freedom over the past

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<sup>17</sup> [http://ec.europa.eu/eurostat/tgm/table.do?tab=table&plugin=0&language=en&pcode=t2020\\_20](http://ec.europa.eu/eurostat/tgm/table.do?tab=table&plugin=0&language=en&pcode=t2020_20)

twenty years improved the most. On the other hand, insufficient independence of the judiciary, not fully functioning anti-corruption system, as well as unprofitability of the hard coal mining sector are identified as weaknesses of the Polish economy, the elimination of which is determined as necessary to ensure continuous increase in economic freedom and welfare.

The Reporters without Borders organization draws up an annual ranking on global **media freedom**. Each country receives a certain number of points: the highest result in the ranking is '0' score, whereas '100' is the poorest result. In 2014 Poland ranked 19th among 180 states in the world, reaching the score of 11.03, and within a year it improved its rank by 3 places and 2.08 points.<sup>18</sup> The freedom level of the Polish media was classified as 'good', which is the highest possible level on a five-point scale (in 2013 the freedom level of the Polish media was classified one level lower – as 'satisfactory'). According to the ranking, the state where the media enjoy the highest level of freedom is Finland (6.4 points), while the poorest result in European Union was that of Bulgaria (31.42 points and 100th rank).

The above data outcome should be related to the main objective of the EEA Financial Mechanism and the Norwegian Financial Mechanism, which is the reduction of socio-economic disparities in the region of European Economic Area. These mechanisms are expected to contribute to ensuring peaceful, stable and prosperous Europe, based on good governance, democratic institutions, rule of law, respect for human rights and sustainable development. What is important, the above mentioned objectives comply to a large extent with the assumptions determined in development strategies, both at the national and the EU level, and thus are among the factors stimulating the country's development process.

Similar to the majority of countries which joined the EU in the 21st century, Poland is still at a statistically lower level of development than the so called 'old' EU countries. In light of the presented macroeconomic indicators, it should be concluded that the process of changes is compatible with the assumed objectives of the Financial Mechanisms included in strategic documents. Statistics show that the socio-economic disparities between the more and less developed countries in Europe are gradually decreasing and in the perspective of the whole Europe, still struggling with the effects of the economic crisis, the growth achieved by the countries of the "new" Europe, including Poland, was considerable in the recent years. Despite positive trends, it is certain that the new Member States are still facing a number of challenges, on which the rate and the scope of further development will depend. Taking into account the results to-date, efforts should continue to support the less developed countries of Europe in achieving further progress, as in the long run they may determine the extent of growth, stability and competitiveness of the whole Europe.

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<sup>18</sup> World Press Freedom Index 2014.

## 2.2 Bilateral relations

Strengthening bilateral cooperation between Donor States and Poland constitutes one of the two general objectives of the Financial Mechanisms for 2009–2014, set forth in Article 1.2 of the *Regulation*. Its implementation is ensured above all by:

- **Fund for bilateral relations** at national level and Fund for Bilateral relations at programme level;
- Donor Partnership Programmes;
- Partnership projects – pre-defined and selected under open calls for proposals.

### **a) Fund for Bilateral Relations at national level**

In relation to the suggestion of the Donors consisting in transferring a part of Fund allocation for the actions undertaken by the Museum of the History of Polish Jews, in October 2014 changes were introduced to the *Agreement for the financing of Technical Assistance and the Fund for Bilateral Relations at National Level of the EEA Financial Mechanism 2009–2014 and the Norwegian Financial Mechanism 2009–2014*. The signed Addendum to the Agreement reduced the Fund allocation by EUR 200,000. These funds were allocated for the *Fund for Bilateral Relations* in the PL08 programme, intended for financing initiatives concerning the Polish-Jewish historical and cultural heritage.

Taking into account the above-mentioned changes, the allocation for the *Fund for Bilateral Relations* at national level amounts to EUR 2.7 million.

In 2014 initiatives contributing to strengthening and expanding bilateral cooperation were implemented on the basis of a *Work Plan* approved by the Donors in December 2013. In 2014, 17 events were implemented.

Compared to 2013, increasing interest in actions implemented and financed from the Fund was recorded. The set of thematic areas under which the beneficiaries implemented their initiatives was extended. This concerns issues such as active paternity, counteracting hate speech, urban policy, gender equality and the Polish Diaspora in Norway. Moreover, similarly to 2013, actions relating to research, justice, counteracting domestic violence, penitentiary system and environmental protection were continued. This approach indicates the reinforcement of bilateral relations in above-mentioned areas and their strengthening in the long run. The undertaken initiatives undoubtedly contributed to the development of knowledge and mutual understanding, as well as raising the awareness of the Financial Mechanisms implemented in Poland.

According to the eligible expenditure set, events in the framework of the Fund were conducted mainly in the form of study visits, meetings, conferences and workshops.

Key events financed from the Fund at national level in 2014 include:

- International conference on urban policy *DiverCITY*. This event was organised by the Ministry of Infrastructure and Development. The key Polish, Icelandic and Norwegian experts specialising in urban and local government policy were invited to participate in the event. The initiative was preceded by workshops for students and young experts on urban functionalism. Complementary to the undertaken activities, study visits contributed to strengthening the contacts established during the conference;
- International conference *Polish community in Norway: challenges and opportunities*. The initiative was organised by the Ministry of Foreign Affairs in cooperation with the Embassy of the Republic of Poland in Oslo. During the conference social, economic and cultural issues were raised;
- The second edition of an international conference entitled *Together towards a Green Future – EEA and Norway Grants in the Environment Sector*, which focused on the subject of renewable energy sources and environmental monitoring. Moreover on the occasion of the conference also a two-day seminar was organised, during which geothermal issues were discussed;
- Promotion and information on achievements in the area of the EEA and Norway Grants in the field of environmental protection during the POLEKO international fair in Poznań;
- A seminar organised by the Government Plenipotentiary for Equal Treatment on balanced representation of men and women in decision-making positions in businesses;
- An international conference on gender equality in the area of scientific research carried out by the National Centre for Research and Development in cooperation with the Research Council of Norway.

In addition, in 2014 study visits took place aiming at the exchange of experience and good practices between Polish and Donor States' institutions in terms of:

- Prevention and counteracting of the problem of domestic violence in Iceland;
- Becoming familiar with the system introduced in Norway for prevention and counteracting discrimination and xenophobia;
- Implementation of programmes for prisoners in Norwegian and Polish institutions and rehabilitation;

- The functioning of IT systems in Poland supporting the management of the cases in the judiciary,
- Exchange of experience in sexual violence research methods .

In addition, the Government Plenipotentiary for Equal Treatment launched first part of the campaign on counteracting violence towards women and promoting active parenthood and paternity leaves. Further efforts within this respect will be continued in 2015, which was included in the Fund *Work Plan* for 2015. Another initiative financed by Fund are actions implemented by the Voivode of Świętokrzyskie Voivodeship, aimed at counteracting hate speech. The beneficiary carried out an awareness campaign on human rights, minority rights, their culture and living conditions among pupils and teachers. The results of these actions were presented during the summary conference attended by the Norwegian party. The Ministry of Labour and Social Policy organised a seminar on counteracting discrimination, involving representatives of the Donor party.

All initiatives undertaken in 2014 included the bilateral aspect. The representatives of Donor States participated in events organised in Poland. In addition, a part of actions, particularly study visits, took place in Norwegian and Icelandic institutions. Additionally, the Polish party organised study visits for the representatives of Norwegian institutions to Poland. In order to ensure visibility and increase knowledge on aid from Norway, Iceland and Lichtenstein for Poland, particularly during events addressed to a greater number of entities, relevant information on support granted by the EEA and Norway Grants was provided.

In 2014, in comparison with the previous years, in addition to extension of physical actions, a significant increase in utilisation of Fund resources was also recorded. The amount of approximately EUR 0.5 million was spent in 2014, which is twice as high as in 2013. The amount of expenditure is 62% of the available budget for 2014, while in physical terms the *Work Plan* was implemented at the level of about 80%.

The following issues contributed to the degree of *Work Plan* implementation in 2014:

- Change of the organisational structure of beneficiary – Ministry of Justice, which resulted in delays and a lack of possibility to implement a part of actions planned for 2014;
- Difficulties in making a broader group of entities from the donors' party interested in equality in uniformed services, which indirectly resulted in withdrawal of the Ministry of the Interior from project implementation in 2014;
- Lower costs of services that were related to the implementation of the accomplished events;

- Failure of the Norwegian partner (Ila Prison) to comply with the provisions of the partnership agreement, i.e. failure to provide documents that constitute the basis for the reimbursement by the Polish institution; the Polish party continues to work on the removal of the effects of this situation.

Due to the fact that the decision on approving the *Work Plan* for 2014 was made as late as in December 2013, to avoid difficulties in securing funds in the state budget repeating in the previous years (budget planning in Poland commences in March), the parties jointly agreed that with reference to the actions planned for 2015, scope of support should be agreed by the end of March 2014, whereas it will be officially approved during the annual meeting. Finally, the decision on adoption of the *Work Plan* for 2015 was provided with the letter of 24 July 2014.

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

#### **b) Fund for Bilateral Relations at the programme level**

The Bilateral Cooperation Fund at the programme level constitutes a significant source of financing for undertakings and partner initiatives. Within 14 Programme Agreements performed by the Polish operators, total funds allocated for the **Fund for Bilateral Relations** amounted to more than EUR 7.2 million.

In 2014, the operators took actions related to the mobilisation of the Fund for the potential beneficiaries in the areas where the bilateral strategies agreed with the donor party provided for calls for proposals. Open calls for proposals were launched in both programmes of the health care sector (PL07, PL13) and in the investment cultural programme (PL08). In total, nine bilateral initiatives were approved for implementation, which suggests that the interest of potential beneficiaries in such soft actions is still low. The main reason for this may be the involvement of the potential beneficiaries in preparation of applications for the core calls for proposals still ongoing in 2014, insufficient information campaign of both the Polish party and the donor partners' party, as well as Operators' focus on finalisation of the call for proposals process and signing of project agreements. It is assumed that in the following year of implementation, the above mentioned risk factors will be reduced and subsequent bilateral calls for proposals will turn out a significant support instrument for bilateral cooperation within the Mechanisms, especially as in 2015 the calls for proposals *inter alia* for environmental programmes:

PL04 related to RES, PL02 – biological diversity, and again for health care sector: PL07, PL13, where allocation of available funds is at the highest level, will be launched.

Bilateral initiatives were also implemented by the beneficiaries of pre-defined projects under programme PL03 related to environmental monitoring, PL16 – justice and PL17 – Correctional Services, where bilateral initiatives complemented the project actions.

Key events financed from the fund at the programme level in 2014 include:

- International conference entitled *Healthy and active population ageing* dedicated to seniors' capacity (PL07), organised in cooperation with the Norwegian Directorate for Health, Norwegian Ministry of Health, Norwegian Ministry of Foreign Affairs and the World Health Organization. The conference was attended by 250 participants. Among the speakers were *inter alia* representatives of the European Commission, OECD, WHO, United Nations Economic Commission for Europe and leading academic centres in the field of medical sciences in Poland and Norway. The event became a part of the nationwide discussion on the demographic challenges not only of Poland, but also of Europe. The result of this event was a WHO declaration on readiness for further cooperation with Poland in this field;
- Inauguration of the partner project with Museum of the History of Polish Jews *Bilateral cooperation in the field of international conference organisation and actions accompanying the opening of the permanent exhibition of the Museum of the History of Polish Jews* (PL08) – an initiative constituting a part of opening of Museum initiated on 28 October 2014, which is a unique place commemorating the history and daily life of the Jewish people. The event attracted the attention of the general public and the media, and will undoubtedly contribute to propagation of the idea of tolerance and respect for human rights;
- Kick-off conference inaugurating the implementation of projects that were co-financed as a result of calls for proposals in the framework of thematic areas of the research programme PL12: environmental protection, climate change (including polar research), health, social sciences and bilateral cooperation, as well as CCS;
- Seminar on partnership development and knowledge, experience and best practice exchange between the Polish project leaders and partners from Donor States in the field of diversity in culture (PL09);
- Conferences *Implementation of cognitive programmes in penitentiary units* and *Justice* (PL17).

In addition, in 2014, study and expert visits took place aiming at the exchange of experience and good practices between Polish and Donor State institutions in terms of:

- Support for victims of crime, promoting alternative methods for dispute resolution, coordination of communication systems for public security services and rescue services in Norway (PL15, PL16);
- Modelling spatial databases related to the natural environment (PL03);
- Preparations for the project *Promoting alternative methods of dispute resolution* (PL16);
- Health protection system and organisation of health care of elderly people, dependant persons and persons suffering from chronic illnesses, as well as implementation of the health policy at the local level and social inequalities in health in Norway (PL07, PL13).

In 2014, the Ministry of the Environment started to cooperate with the Icelandic party in the field of geothermal energy. A bilateral seminar organised in October 2014 in Warsaw was dedicated to the prospects for the use of geothermal energy (PL04) and resulted in establishment of contacts between Polish and donors' institutions. It is assumed that the initiated contacts will form a significant source of bilateral projects submitted in the framework of the call for proposals planned for 2015 within the BCF at the PL04 programme level.

For the following year the operators planned among others:

- Study visits to Norway, Iceland (PL02, PL03, PL04, PL07, PL13, PL14);
- Thematic conferences (PL02, PL04) and summary conferences (PL08, PL09, PL12, PL17);
- Polish-Norwegian panel of experts (PL04);
- Workshops, trainings, seminars and bilateral projects implemented by the operators and the beneficiaries;
- Calls for proposals in order to co-finance initiatives aimed at the establishment of new partnerships (PL07, PL08, PL09, PL13, PL16, PL17);
- Study visits in other beneficiary countries (PL16).

The low uptake of funds within the component A related to search for partners for donor partnership projects, development of partnerships and preparation of an application (Article 3.6.1a of the *Regulation*) was already reported in the previous reporting year. In 2014, the transfer of funds from component A to actions financed from component B related to strengthening the cooperation and experience exchange was completed for three programmes – PL06, PL09 and PL12.



Implementation of bilateral strategies at the programme level is a challenge for the next two years of implementation – 2015 and 2016. Given the eligibility period of bilateral actions (April 2017) the intensification of the above mentioned actions should be assumed for the following years. However, it should be stressed that the use of available allocation that is dependant only on the size of the budget of a given programme, with precisely defined set of eligible costs, limited by the *Regulations*, may prove very difficult. This risk is monitored on an ongoing basis by the National Focal Point and operators so that it would be possible to take remedial actions.

**c) Partnership programmes/projects**

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

There are eight programmes in Poland being partner programmes with donors – all of them were implemented in 2014. Partner institutions from the donor states participate in programme management and implementation as national advisers of the Operators (mainly at the Cooperation Committee forum). Involvement of a twin institution from Norway and other Donor States ensures that the programmes benefit from the experience of donors in a given sector and consider the specific nature of the partner's operation.

Cooperation with the Council of Europe is of similar nature. In 2014, negotiations with the Council of Europe, which is a partner of two pre-defined projects within the following programmes, were concluded: PL14 *Counteracting domestic and gender-based violence* and PL15 *Schengen cooperation*.

Under the PL14 programme the partnership agreement was signed in July, which led to the transfer of 60% of funds amounting to ca. EUR 49,000 to the Council of Europe. In 2015, joint actions are planned under the pre-defined project related to training for the interdisciplinary teams, including a training for trainers. In addition, it is planned to conduct two study visits that will be a joint initiative of the Ministry of Labour and Social Policy and the Council of Europe.

In case of PL15, the partnership agreement was signed in December. Arrangements were related to the establishment of the final form of the project, partners' responsibilities, methods of settlement and

transfer of advance payments to the partner. The content of the pre-defined project was prepared, positively assessed by the operator and approved by donors in accordance with the condition set out in the financial agreement.

The assessment of cooperation with the Council of Europe will only be possible in 2015 when first experience in project actions implementation is collected.

## 3 REPORTING ON PROGRAMMES

### 3.1 Overview of programme status

There are 17 programmes implemented in the framework of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism 2009–2014 as well as the Technical Assistance Fund and the **Fund for Bilateral Relations** at the national level.

In 2014, organisation of calls for proposals, evaluation of submitted applications and implementation of selected initiatives by the beneficiaries were dominant among the actions taken. Negotiations of terms of the PL18 programme implementation and reallocation of funds between programmes within the deadline laid down in the *Regulation* were also about to be concluded.

All programmes were at the stage of implementation: the majority of calls for proposals were resolved, and the process of signing agreements with the beneficiaries of individual projects was ongoing. Starting from 2015 the programmes are entering the stage of intensive project implementation, close monitoring of planned initiatives and responding to project risks that will surely arise at this stage.

Basic information on all programmes and the estimated amount of payments made under the programmes is presented in the table that constitutes Annex 1 of the NFP –Norwegian Financial Mechanism (NFM) and European Economic Area (EEA) 2009–2014 programmes.

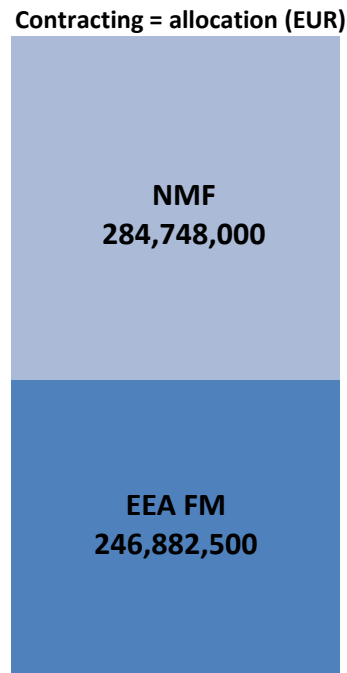
The contracting process was concluded in February 2014 with signing the agreement on PL18 programme *Green Industry Innovation* established under the reallocation of amount released from PL11 programme.<sup>19</sup> Programme approval allowed to embark on implementation work, including the preparation and announcement of an open call for proposals.

As at 31 December 2014, the level of fund contracting under the EEA Financial Mechanism and the Norwegian Financial Mechanism was **EUR 534,742,500**, i.e. **100%** of the allocation for the programmes. The figure below presents the status of fund contracting in total for both programmes.

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<sup>19</sup> The programme budget (EUR 20 million) derives from the allocation originally assigned to the *Programme to support the development and widespread use of CCS technology in Poland* (PL11). The details were presented in the Strategic Report for 2013.

**Fig. 1. The status of fund contracting for the Norwegian Financial Mechanism and the European Economic Area Financial Mechanism.**

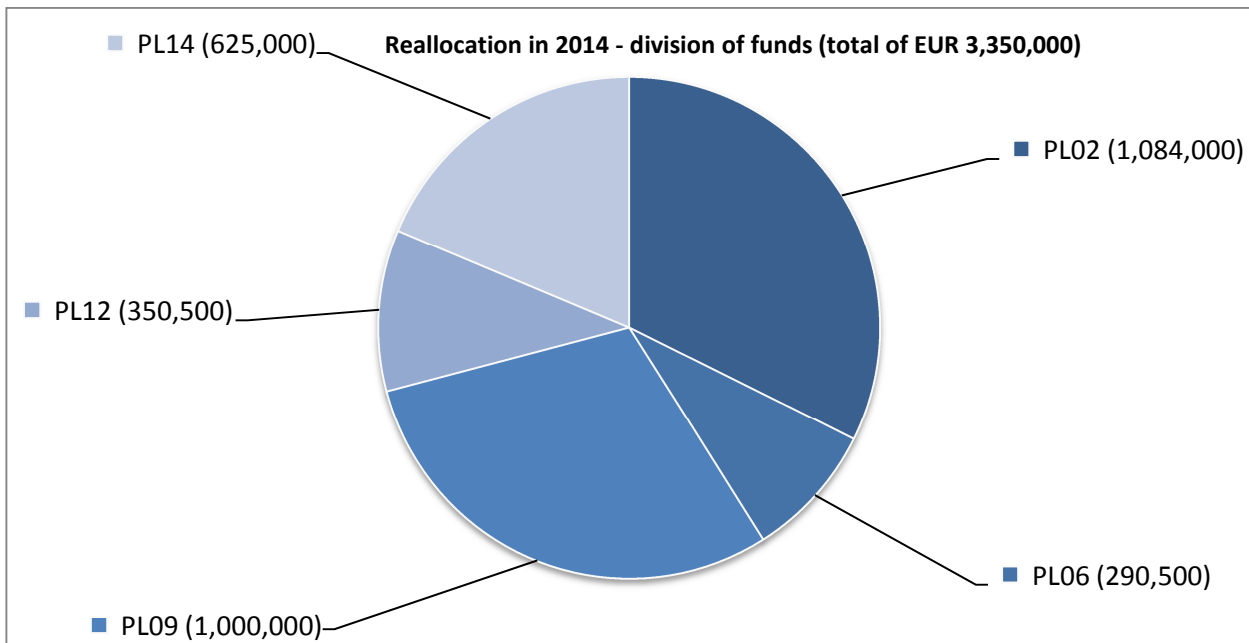


**Reallocation between the programmes according to Article 5.9 of the *Regulations***

On the basis of Article 5.9 of the *Regulations*, the National Focal Point conducted a detailed analysis of the expected savings and an assessment of the absorption capacity of particular programmes. Savings have been identified in the framework of the Technical Assistance Fund of the Financial Mechanisms (EUR 2,500,000) and in programme PL04 (EUR 850,000). In case of other programmes managed by the Polish party, the operators indicated their readiness to increase the budget and provide co-financing for additional actions/projects. Amendment to the *Memorandum of Understanding* entered into force on 31 October 2014 and addenda to the programme agreements were signed on 17 December 2014.

The figure below shows the distribution of reallocated funds – it presents particular programmes with their additional granted allocation.

**Fig. 2. Reallocation in 2014 – distribution of funds**



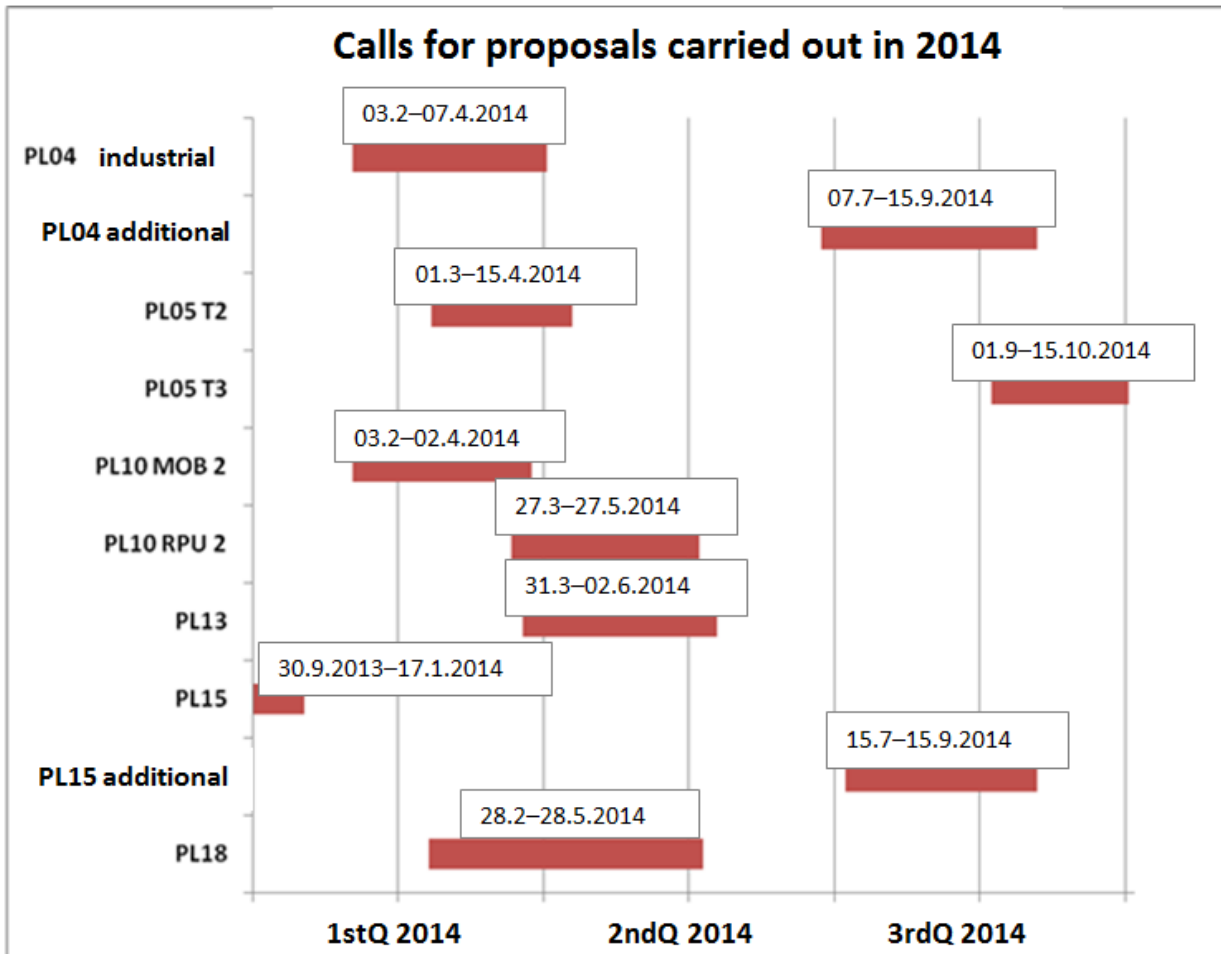
Programme Operators and Selection Committees in particular programmes have already indicated or will soon indicate the projects for co-financing from the reserve lists approved after the resolved calls for proposals. The reallocation will allow to increase the budget of one pre-defined project and to support approximately 20 projects selected in the result of open calls.

It is estimated that at the end of 2014 the distribution of funds between the programmes is optimal and Operators take all the actions that are necessary for full use of the allocation.

### **Calls for proposals – summary**

In 2014, very intense work on the preparation, announcement and resolution of calls in the framework of programmes was conducted. Nine calls for proposals were announced, in case of one contest announced in 2013 the beneficiaries could submit their applications until 17 January 2014. The reporting period was the last year of high contest activity. The figure below presents the calls in 2014.

**Fig. 3. Dates of calls for proposals in 2014.**



At the same time, it was a very intense period of evaluation and selection of applications – as many as 18 calls for proposals in the framework of 11 programmes were resolved: PL02, PL03, PL04, PL05, PL07, PL08, PL10, PL12, PL13, PL14, PL15. In case of three calls for proposals in the framework of programmes PL04, PL15 and PL18 the final application assessment phase lasted until the end of 2014, and the meetings of selection committees are planned to take place in the first quarter of 2015. Then, the 3rd edition of the contest for thematic projects under programme PL05 will be resolved. The table below presents a summary of the whole process of the call for proposals and the evaluation of proposals for programmes in Poland.

**Table 1. Calls for proposals in the framework of the EEA Financial Mechanism and the Norwegian Financial Mechanism**

Programme No	Name of the Programme	Co-financing (EUR)	Calls for project proposals / SGF			Submitted applications		Applications approved by the Committee		
			Call for proposals date	grant (EUR)	budget including PO/state budget co-financing (EUR)	Number	amount applied for (EUR)	Date	Number	amount of co-financing (EUR)
PL02	Protection of biological diversity and ecosystems	21,084,000	15.04.2013 – 17.06.2013	13,190,181	14,850,637	103	44,049,099	11.03.2014 25.03.2014 02.04.2014 03.09.2014	30	14,850,637
			15.04.2013 – 17.06.2013	4,000,000	4,348,889 1	77	14,006,727	02.04.2014	26	4,348,889
PL03	Improving environmental monitoring and inspection	15,000,000	18.03.2013 – 20.05.2013	897,625	897,625	10	5,754,800	21.02.2014	2	897,625
PL04	Saving energy and promoting renewable energy sources	144,150,000	10.06.2013 – 12.08.2013	67,394,000	67,394,000	242	136,430,633	08.05.2014 11.07.2014	87	55,229,088
			03.02.2014 – 07.04.2014	12,639,873	12,639,873	4	15,384,363	06.06.2014	3	14,999,940
			07.07.2014 – 15.09.2014	10,469,089	10,469,089	84	38,044,335	03.2015		
PL05	Fund for non-governmental organisations / Citizens for Democracy	37,000,000	01.09.2013 – 15.10.2013	9,500,000	9,500,000	1,931	92,645,385	03.02.2014	157	9,500,000
			01.03.2014 – 15.04.2014	9,000,000	9,000,000	2,076	98,364,116	01.08.2014	197	10,829,402
			01.09.2014 – 15.10.2014	8,000,000	8,000,000	2,380	111,827,542	26.01.2015	176	9,149,040.75
			16.10.2013 – 15.11.2013	6,200,000	6,200,000	287	84,616,389	03.03.2014	9	3,457,802

PL06	Urban development by strengthening the competence of self-government units, social dialogue and cooperation with civil society representatives	9,835,000	25.01.2013 – 19.04.2013	6,146,160	7,401,548	85	47,181,937	14.10.2013	16	7,746,299	
PL07	Development and better adaptation of health care to demographic and epidemiological trends	58,000,000	15.03.2013 – 28.06.2013	52,545,225	52,545,225	585	801,418,943	28.07.2014 03.09.2014	34	52,545,225	
PL08	Conservation and Revitalisation of Cultural and Natural Heritage	70,200,000	04.06.2013 – 30.09.2013	63,616,375	74,842,794	277	740,960,327	07.02.2014 13.06.2014	21	74,842,794	
PL09	Promotion of Diversity in Culture and Arts within European Cultural Heritage	11,000,000	15.06.2012 – 15.10.2012	4,390,000	4,877,778	135	35,418,250	08.02.2013 19.08.2013	26	5,221,173	
			15.04.2013 – 16.08.2013	3,672,092	4,080,102	141	36,887,735	17.12.2013	27	4,640,927	
PL10	Scholarship and Training Fund (3 mobility, institutional cooperation and 2 development of Polish universities)	15,000,000	01.03.2013 – 30.04.2013	1,614,000	1,793,334	34	6,242,510	14.06.2013	31	1,792,223	
			03.02.2014 – 02.04.2014	1,600,000	1,786,701.50	31	4,291,187	29.05.2014	29	1,786,701.50	
			Feb-15	1,440,000	1,600,000						
			08.04.2013 – 07.06.2013	1,686,000	1,873,333	46	3,722,885	22.01.2014	25	1,873,333	
			08.04.2013 – 07.06.2013	2,580,000	2,866,667	139	20,467,620	04.02.2014	19	2,858,987	
			27.03.2014 – 27.05.2014	5,049,182	5,049,182	124	16,855,095	12.11.2014	38	5,049,182	
PL12	Norwegian-Polish Research Programme	63,180,500	29.09.2012 – 30.11.2012	32,906,753	38,713,827	269	229,459,974	26.02.2013	48	57,537,357	
			additional allocation	16,000,000	18,823,530			14.05.2013			20
			CCS 13.09.2013	8,960,000	10,541,176	31	48,385,894	04.02.2014	7		10,541,176

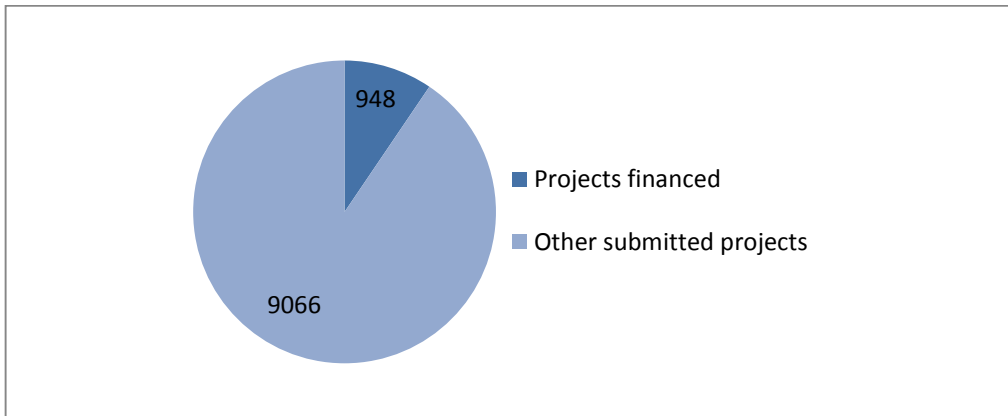


			- 15.11 .2013							
			01.12 .2012 - 31.01 .2013	2,000 ,000	2,352,941	308	26,855,570	13.05.2013 xx.08.2013	29	2,515,733
PL13	Reducing social inequalities in health	18,000,000	31.03 .2014 - 02.06 .2014	13,10 9,725	15,423,206	98	60,582,153	27.11.2014	24	15,386,85 1
PL14	Counteracting domestic and gender-based violence	3,625,000	28.06 .2013 - 16.09 .2013	600,0 00	600,000	364	13,304,286	19.03.2014	16	600,000
PL15	Schengen cooperation	10,000,000	30.09 .2013 - 17.01 .2014	8,053 ,751	8,053,751	25	10,245,143	xx.05.2014 xx.06.2014	16	6,864,290
			15.07 .2014 - 15.09 .2014	1,189 ,460	1,189,460	24	6,494,689	02.2015		
(PA22)	Global Fund for Decent Work and Tripartite Dialogue	3,112,000	20.10 .2011 - 22.04 .2012	3,065 ,320	3,065,320	20	5,162,322	2012	11	2,642,375
PL18	Green Industry Innovation	20,000,000	28.02 .2014 - 28.05 .2014	17,78 3,000	17,783,000	84	60,654,910	02.2015		
<b>TOTAL</b>		<b>499,186,500</b>				<b>10,014</b>			<b>948</b>	

LEGEND
Programmes implemented by the FMO
Planned calls for proposals, expected decision time

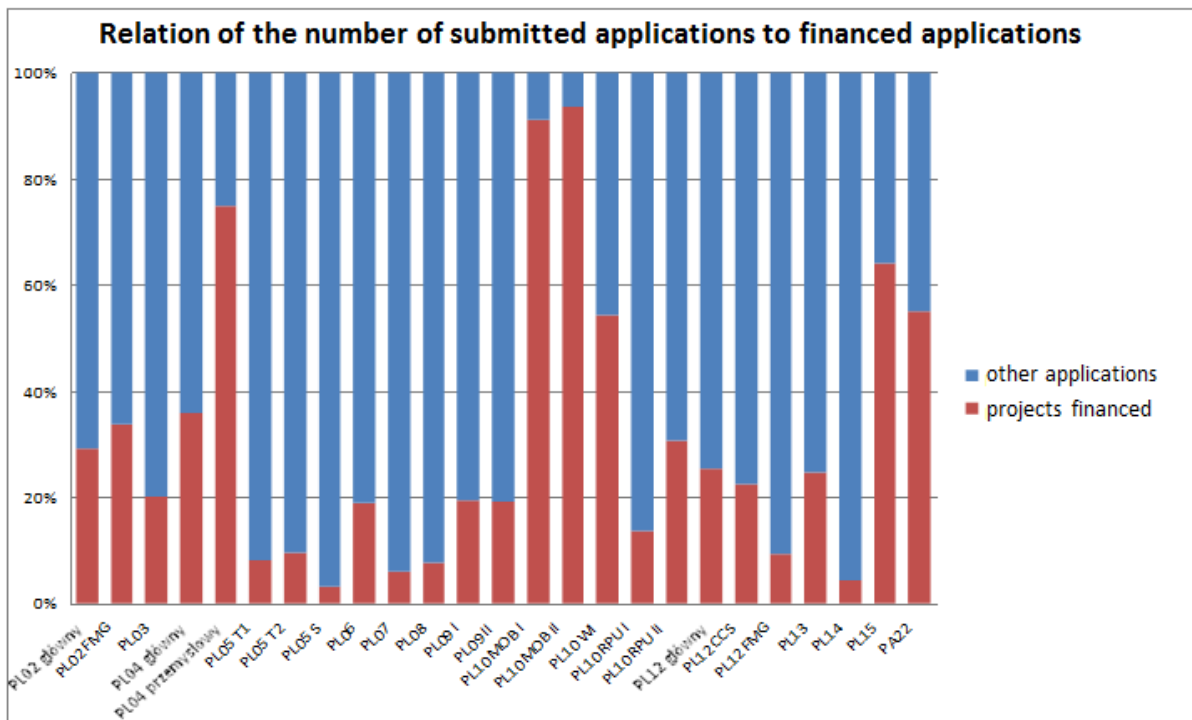
Summing up, in 2014 grants were allocated to 734 contest projects out of 6,449 submitted applications, which shows the scale and workload of institutions engaged in programme implementation, effectiveness of the information and promotion campaign and great effort of the applicants. In the framework of Financial Mechanisms, a total of 10,000 applications were evaluated and 948 grants were awarded by the end of 2014 in Poland – the figure below shows the level of success, which is the relation of the number of awarded grants to the number of submitted applications.

**Fig. 4. Number of projects co-financed by the end of 2014 compared to proposals submitted in the resolved calls for proposals**



The experience from completed calls for proposals shows there is a great interest of potential beneficiaries in the proposed support, which translated into the number of proposals whose total requested amount exceeded the allocation amount available in the calls for proposals (and/or in the programme) sometimes a dozen times. Such a high number of applications allows to choose the most valuable projects, but also constitutes a challenge in the evaluation process. The figure below shows the results of the calls for proposals for the available fund allocation in relation to the submitted applications for the chosen programmes. Analysis clearly shows that the available allocation for projects will be exhausted.

**Fig. 5. The ratio of submitted applications to financed proposals**



**Changes to programmes**

In 2014, there was a need to modify the programmes, which resulted in introduction of changes to Programme Agreements. The signed addenda concerned among others the above-mentioned reallocations of funds and the related changes to programme budgets, as well as modifications of indicators due to the completion of the project selection process and making the target values more realistic. A part of the modification concerned the reallocation of funds, among others from management costs or programme preparation costs to the budget category designated for the support of projects under a given programme. These modifications do not belong to the set of changes for which a decision of the donors is unnecessary, according to Article 2.9 of the Programme Agreement, and therefore require amending agreements each time. A total of 24 amendments to agreements were signed by the end of 2014.

It needs to be underlined that a further modification of programmes is expected in the next few years, i.a. connected with potential reallocations from management costs and the exchange rate reserve – for project activities. Since the approval of this kind of changes is not delegated to the national level, ongoing cooperation with the donor party will be needed in order for the modification process to be conducted efficiently and effectively.

### **Effects of programme/project implementation – reporting on indicators**

2014 was the time of completing open calls for proposals and defining project indicators to match the programme objectives and outcomes specified in Programme Agreements. As indicated above, the tables of indicators were made more realistic for some programmes– thus, it can be said that the indicators to be achieved were planned. Nonetheless, due to the early stage of project implementation, it is impossible to indicate the degree of their implementation. Where possible, the results were defined with respect to particular programmes (described further in the report).

Having in mind the rules of reporting on the programme outputs, it is believed that the effects of the implementation of Financial Mechanisms in Poland will be possible to be estimated within the next two years of the implementation.

According to the donors' initiative from December 2014, a review of the indicators in all programmes will be conducted so as to allow aggregating data at the level of the Financial Mechanisms. The review will be completed at the beginning of 2015.

### **Programme/project implementation schedule**

The eligibility of programmes in the framework of Financial Mechanisms in Poland ends – as a principle – on 30 April 2017, and the eligibility of projects under the programmes – by 30 April 2016. The exception are programmes in relation to which on the basis of Article 7.14(4) of the *Regulations* the Financial Mechanism Committee made a decision to extend the eligibility period of the projects by a year – i.e. until 30 April 2017. In 2014, programme PL04 RES – in the area of large industrial projects focused on reducing CO<sub>2</sub>, was added to PL12 (research programme) and PL18 (Green Industry Innovation) programmes benefitting from the extension mentioned above. A guarantee of the extension of these projects' implementation period is the key element guaranteeing the success of the implementation of projects and achieving the assumed results.

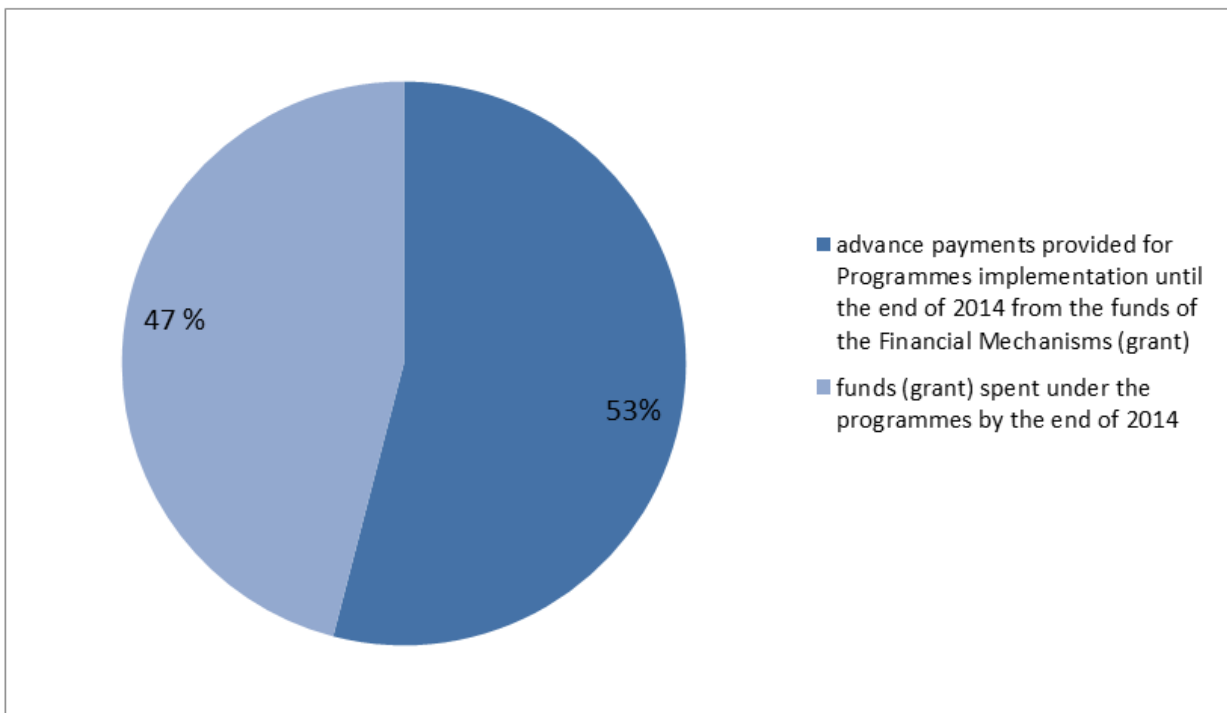
Regardless of the above, it should be stated that most programmes implemented in Poland have a very tight implementation schedule. It concerns especially investment programmes in the framework of which projects are implemented with the budget of EUR 1-2 million and the implementation period of 1.5 years – by 30 April 2016, without providing any time margin. Such projects in the environment, health or cultural heritage sectors are exposed to very high risk. Such risks were also presented to the donors during the annual workshop of the beneficiary countries and donors on risk management.

Therefore, taking into account the use of allocations and the achievement of expected results of the Financial Mechanisms in Poland, it will be necessary to undertake a discussion with the donor party in order to work out solutions for flexible disbursement of funds and responding to potential threats, including – if necessary – extending the project/programme eligibility period.

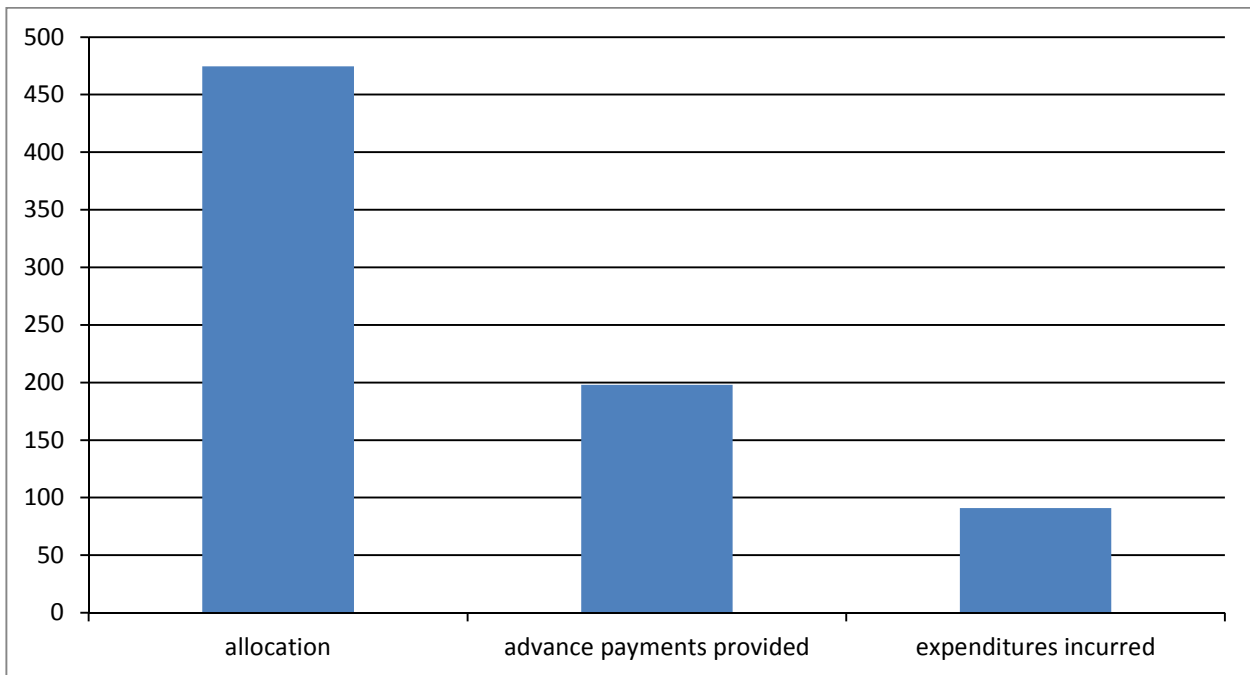
### Disbursement of Financial Mechanism funds

In 2014, significant progress in disbursement of funds from the Financial Mechanisms could be seen. By the end of 2014, the Polish party transferred to Programme Operators advance payments of funds from Mechanisms (a grant) amounting to almost EUR 198 million, which constitutes 42% of the amount of the allocation for the Polish party. By the end of 2014, the funds (grant) disbursed from the above-mentioned advance payments amounted to almost EUR 93.3 million, which constitutes about 47% of the amount transferred in advance payments for Programmes. It should be explained that funds received as advance payments refer to a period of two months before the period of submitting payment claims and settling previous instalments.

**Fig. 6. Funds from the Financial Mechanisms (grant) disbursed under the Programmes by the end of 2014 vs. funds transferred as advance payments for this period**



**Fig. 7. Comparison of funds from the Financial Mechanisms (grant) disbursed under the Programmes by the end of 2014 with the amount of funds transferred and allocations**



\* The amounts do not refer to Programmes implemented directly by the Donors.

Moreover, by the end of this reporting period the amount of funds transferred by donors to the Polish party amounted to almost EUR 197 million, which constitutes almost 100% of the amount pre-financed from the state budget for the implementation of Programmes.

### **Horizontal issues**

In accordance with the mechanisms' assumptions, each programme and projects co-financed under this programme contribute to the improvement of the situation with regard to horizontal issues.

Operators are obliged to implement programmes in line with rules of good governance, what is reflected by e.g. transparency of procedures, compliance with law and independence of the process of project proposals assessment (participation of external sectoral experts). The culmination of the transparency of the process of selecting initiatives for co-financing is a possibility, with legal grounds, to appeal against the appraisal results at every stage of the appraisal as well as the two-instance nature of the procedure. Moreover, the NFP provides on its website an application to submit complains, all of which are scrupulously verified.

Every programme and its beneficiaries are obliged to protect the environment, however to different extent. The PO and decision-making bodies support solutions and initiatives which are the least harmful

to the natural environment, especially as regards infrastructural projects. In turn, the programmes implemented in the environmental thematic area, i.e. PL02, PL03, PL04 and PL18, will report indicators achieved under implemented actions, such as the level of CO<sub>2</sub> reduction in projects dedicated to energy efficiency and introduction of renewable energy sources (in line with 72 agreements already signed, a reduction of carbon dioxide emissions on the level of 88,131 tonnes per year was declared).

The principle of sustainable social development is the most visible in programmes dedicated to the civil society development. This relates especially to PL05 programme, the objective of which is to increase the participation of NGOs in building social justice, democracy and sustainable development. So far under the programme co-financing was granted to nine system projects and 354 thematic projects in the area of fostering the participation of citizens in public life, promoting democratic values and human rights, developing advocacy and the watchdog role, empowering groups at risk of exclusion, strengthening the condition of NGOs and creating conditions conducive to the development of the third sector. The programme attaches great importance to issues such as combating hate speech, hate crime and extremism, preventing racism and xenophobia, homophobia and anti-Semitism, sexual harassment, violence against women and trafficking in women, the problems of the Roma minority as well as promoting tolerance and understanding between cultures.

The third sector is a strongly represented beneficiary of three other programmes: PL02, PL014 and PL15. Projects co-financed under PL02 programme included *inter alia* 33 projects aiming at increasing the ecological potential of NGOs for promoting biological diversity. In turn, 16 contest projects and a pre-defined project of the Association of Polish Cities implemented under the regional programme (PL06) aim at developing mechanisms of effective cooperation both between local government units as well as between these units and representatives of the civil society and entrepreneurs, in order to make joint decisions concerning the given area or solving important problems of that area.

Preventing legal and social exclusion is the main subject of the programme supporting the justice system (PL17). Educational actions and trainings (including professional ones) were targeted *inter alia* at young people in schools and prisoners. Some projects implemented under the PL15 aim directly at improving cooperation between the authorities and relevant stakeholders, including non-governmental organisations, in assisting victims of trafficking.

Among projects promoting cultural diversity and intensifying intercultural dialog (PL09 programme) horizontal issues are particularly implemented by the following projects:

- “Yiddish far ale” or “Yiddish for All” promoting knowledge about Yiddish language and culture in Poland and Norway” (cultural/ethnic minorities and combating anti-Semitism);
- “Library as a Meeting Place for Many Cultures” (cultural diversity, promoting intercultural dialogue);
- “Iceland and Poland Against Exclusion from Culture” and “Visions of Today” (fight against exclusion);
- “International Film Festival WATCH DOCS” (human rights);
- “Multiculturalism does not work. Artists against violence” and “Visions of Today” (counteracting violence, homophobia, combating incitement to hatred).

PL08 Programme Operator achieved the indicator of project implementation in the area of documenting the history of culture, including ethnic and national minorities, assumed in the agreement. Two projects received co-financing: “Peace Church in Świdnica – a UNESCO listed site. Reinstating the splendour of a Lutheran enclave by renovating organs with the Baroque prospect and the historic cemetery and by reconstructing the presbytery to create comprehensive cultural, educational and social opportunities” and “The Eastern Slavic Cultural Heritage – Maintenance, Renovation, Digitalization of Historic Churches”, whose total budget constitutes 8% of the programme funds.

Taking into account e.g. projects for institutional cooperation and different cultural actions undertaken in the framework of mobility, it is expected that the PL10 programme will achieve the project implementation indicator in the area of cultural education assumed in the agreement (i.e. 10% of the programme budget for scholarships in the field of culture).

In accordance with the PL12 agreement provisions, co-financing in the amount of over EUR 3.5 million was granted for research in the area of promoting equality between women and men as well as work-life balance. These projects were presented in October during an international conference: *Gender equality: policy, research, society. Polish and Norwegian studies on gender equality: work-life balance, quality of life, universities, migration, innovativeness*, which became a forum for discussions on current research in this area in national policies and strategies in Poland and Norway.

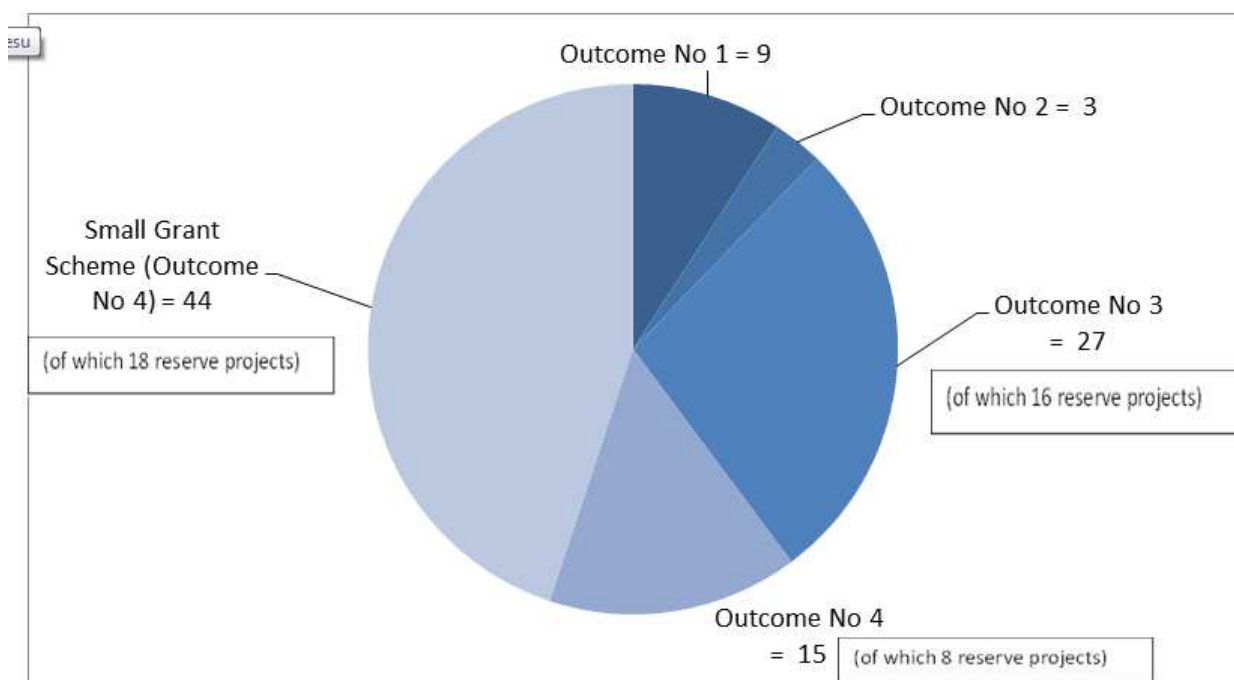


### 3.2 Individual Programme summaries

#### a) PL02 Protection of biological diversity and ecosystems

In 2014, under the PL02 programme 52 agreements were signed concerning the implementation of projects out of 56 projects recommended for support from the basic lists. During meetings organised last year the Selection Committee approved the ranking lists. In total they included 98 initiatives. The figure below illustrates the breakdown of projects by results and the Small Grants Fund.

**Fig. 8. Projects from ranking lists in the division on outcomes**



The donors approved an increase of co-financing for the programme up to the amount of EUR 21,084,000 reallocations between the results as well as a decrease of management costs. This will enable to enter into agreements concerning projects from reserve lists in 2015.

Projects will contribute to the achievement of result indicators as well as outputs for all four Results.

In the context of risks, it should be mentioned that two beneficiaries resigned from the granted co-financing because there was too little time to implement the project. In consequence, the co-financing will be granted to subsequent undertakings from the reserve list. The risk related to proper project implementation within the eligibility period is especially monitored as regards initiatives related to nature's cycles. The Operator plans to carry out monitoring visits in 2015.

In 2014 main actions under the pre-defined project, which aroused high interest among target groups, were completed. An incentive programme for teachers was implemented, including the website [www.lekcjeznatury.pl](http://www.lekcjeznatury.pl). Four two-day workshops were conducted in four national parks. Four TV spots for children were broadcast on popular TV channels about 5,700 times, an educational portal [www.ekodzieciaki.pl](http://www.ekodzieciaki.pl) was created. The pre-defined project will be completed in the first half of 2015. It is planned that all indicators related to this initiative will be achieved.

In order to strengthen bilateral relations, a study visit was organised in October 2014 in Poland with the participation of representatives from the Norwegian Environment Agency and the Ministry of Climate and Environment. There was also a meeting devoted to arranging bilateral actions planned for the next year. An announcement of call for proposals under the Fund for Bilateral Relations is scheduled for the beginning of 2015. Under the completed core call for proposals two projects in partnership with the Norwegian Forestry Extension Institute were submitted. Both of them were placed on the reserve list for result No 3.

On 1 October 2014 the Ministry of the Environment organised an international conference *Together towards a Green Future – EEA and Norway Grants in the Environment Sector*. The conference was attended *inter alia* by representatives of the Embassy of the Kingdom of Norway in Poland, the Financial Mechanism Office in Brussels, the Ministry of Climate and Environment of Norway and other representatives of Donor States as well as EEA and Norway Grants beneficiary states.

The plans for 2015 include continuation of project implementation, signing project agreements with subsequent applicants from reserve lists, and implementation of the *Strategy* for the Fund for Bilateral Relations .

#### **b) PL03 Improving environmental monitoring and inspection**

PL03 programme is currently at an advanced stage of implementation. In accordance with the Selection Committee's recommendation, savings resulting from lower than planned implementation costs of pre-defined projects and management costs of the programme were used for projects from an open call for proposals – for co-financing projects from subsequent places on the ranking list.

The programme outputs were defined on the basis of pre-defined projects. Implementation of contest projects will contribute to exceeding the values of some target indicators and/or achieving outputs not defined under the programme.

Reporting on results and outputs will be possible after project implementation is completed. It is worth emphasising that the key accomplishments contributing to the achievement of two general objectives

are informational and promotional actions, which resulted in publishing information bulletins on environmental monitoring (under the pre-defined project *Strengthening technical capacities of inspection of environmental protection through the procurement of measurement, laboratory and its equipment*) and implementation of a bilateral project under the pre-defined project *Data model and database management system with spatial information on natural environment in aspect of thematic mapping* (in cooperation with the Norwegian Mapping Authority – Kartverket).

Cooperation of the operator with the programme partner (Norwegian Environment Agency) was continued in 2014, e.g. at the Cooperation Committee forum, where decisions were made a.o. in the scope of actions to be implemented under the Fund for Bilateral Relations. Moreover, in October the Ministry of the Environment organised an international conference *Together towards a Green Future – EEA and Norway Grants in the Environment Sector*, during which results of environmental projects implementation carried out thanks to Norway and EEA Funds were disseminated.

Some of actions related to the bilateral component have already been completed, including actions of the Head Office of Geodesy and Cartography. In 2015 the PL03 programme will be focused on entering into agreements/contracts concerning projects from the reserve list in the core call for proposals, on monitoring the implementation of agreements and contracts concluded so far as well as on implementing further bilateral actions at the level of Programme Operator.

#### **c) PL04 Saving energy and promoting renewable energy sources**

The implementation of the PL04 programme *Saving energy and promoting renewable energy sources* is well advanced. The upcoming year will be a key one to the achievement of results in the field of energy efficiency and RES, where due to planned completion of the appraisal of projects from the additional call for proposals and to planned concluding of all agreements a significant stage of physical project implementation will be launched.

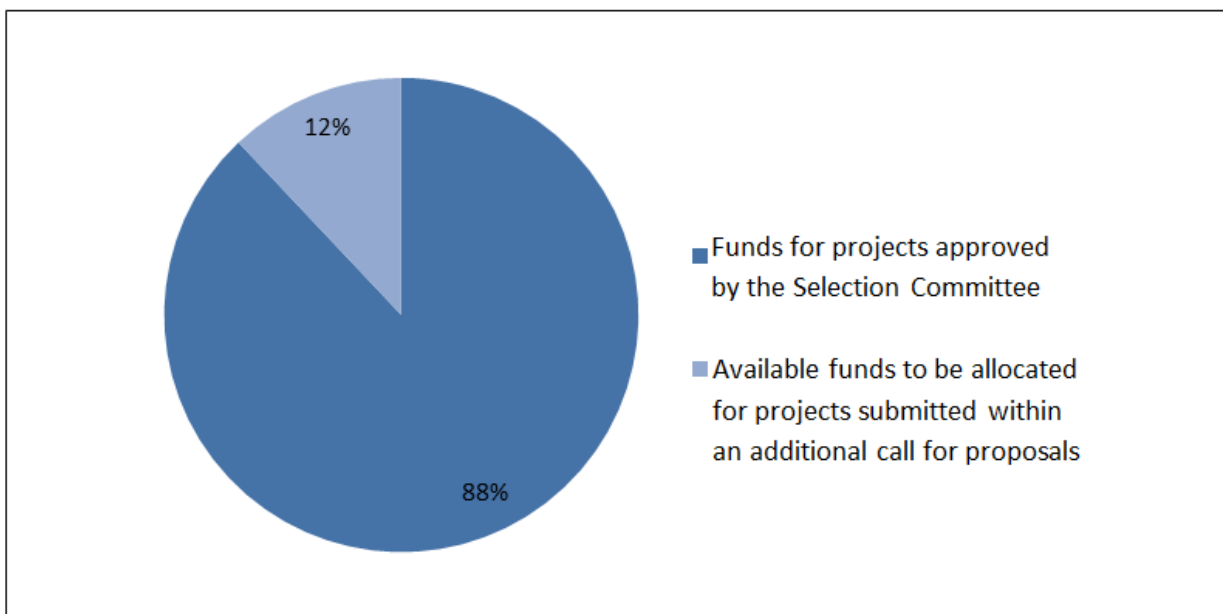
As regards the outcome *Increased public awareness and education on energy efficiency* the assumed indicators were achieved and the completion of the pre-defined project is scheduled for the first quarter of 2015. An extensive media campaign was carried out. One of the project outcomes is a website [www.oszczedzam-energie.mos.gov.pl](http://www.oszczedzam-energie.mos.gov.pl) with information on advantages of constructing energy-efficient houses.

With regard to the outcome *Reducing waste production and emission of pollutants to air, water and soil* within which 26 projects are being implemented by companies from the industry sector, beneficiaries completed two projects (8%) in the reporting year. Achieved indicators constitute the first results in the area of CO<sub>2</sub>, SO<sub>2</sub>, NO, CO and dust reduction. It is still too early to summarise the effects. It is assumed that it will be possible to present indicators in this area next year.

In April 2014 an open call for proposals submitted in the framework of the outcome concerned was closed. Four proposals have been submitted. Three projects passed the formal and substantive appraisal and agreements were signed with all of them. It should be emphasised that due to limited time for implementation of projects submitted in the open call for proposals by beneficiaries from the industry sector – with the consent of donors – the eligibility period of the projects in question was extended to 30 April 2017.

With regard to outcomes *Improved energy efficiency in buildings* and *Increased renewable energy production* a formal and substantive appraisal of projects submitted in response to the first call for proposals was completed and 72 agreements were signed. 84 proposals submitted in response to an additional open call for proposals are under appraisal. The Programme Operator plans to sign agreements with beneficiaries at the beginning of the second quarter of 2015.

**Fig. 9. Use of funds under the outcomes on: energy efficiency and renewable energy sources (RES)**



Due to the investment nature of the programme and limited time frame, it is necessary to carry out detailed monitoring of planned actions, especially of an appraisal and implementation of projects submitted in response to the additional call for proposals under results concerning energy efficiency and RES, as well as to keep up with schedules for major industrial projects. Possible withdrawal of beneficiaries at this stage of programme implementation may turn out to be very difficult and may result in not using the entire allocation granted. Detailed risk analyses in this regard are essential for suggesting remedial actions.

In the reporting year the following agreement modifications were necessary:

- in January the modification concerned the possibility of organising a call for proposals for projects in the industry sector in relation to savings in the programme;
- in June the modification concerned an agreement modification which enabled using savings from pre-defined projects for industrial projects selected in the open call for proposals;
- in October the modification was connected with the transfer of savings obtained in the amount of EUR 850,000 to PL02, and following this, the total programme value was reduced.

In the current reporting year work on establishment of the documents' final form, which will provide the basis for bilateral cooperation under the PL04 programme, was completed. The change of documents was related to an increase in the programme budget in 2013 and the necessity of establishing new frameworks of cooperation with the Norwegian Water Resources and Energy Directorate (NVE). The final version of the *Bilateral Strategy* was approved in August; also the form of a Partnership Agreement with NVE was agreed and signing of this Partnership Agreement is scheduled for the beginning of 2015. Consequently first bilateral cooperation actions, e.g. a study visit, a conference and a panel of experts from Norway and Poland are going to be launched.

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

PL06 programme is implemented in line with the schedule. At the beginning of 2014 last co-financing agreements were signed for projects selected under the call for proposals in 2013. As the budget was increased as a result of reallocation between programmes which was carried out in October (Addendum No 2 to the Programme Agreement signed on 17 December), co-financing will be granted to one more project from the reserve list – an implementation agreement concerning this project will be signed at the beginning of 2015.

It is estimated that partnerships have launched implementation of 57 products (57% of all tasks). In 2014 neither significant delays were recorded in the implementation of the above-mentioned projects nor any significant irregularities were identified. It will be possible to estimate the value of most indicators at the end of Programme implementation.

Under the bilateral strategy attempts continued to establish partnerships between applicants and Donor State entities. However, the greatest emphasis as regards strengthening bilateral relations under the programme was placed on actions implemented under the pre-defined project. In 2014 the Association

of Polish Cities organised four study visits for groups of representatives of Polish local governments to Norway and in total 53 persons from 21 partnerships participated in these study visits. Representatives of Polish local governments, following Norwegian examples of good practices and exchange of knowledge with the Norwegian party, declared their will to undertake a number of actions inspired by the experience of the Norwegian party, including organisational and management solutions, institutional changes, as well as legislation and system postulates.

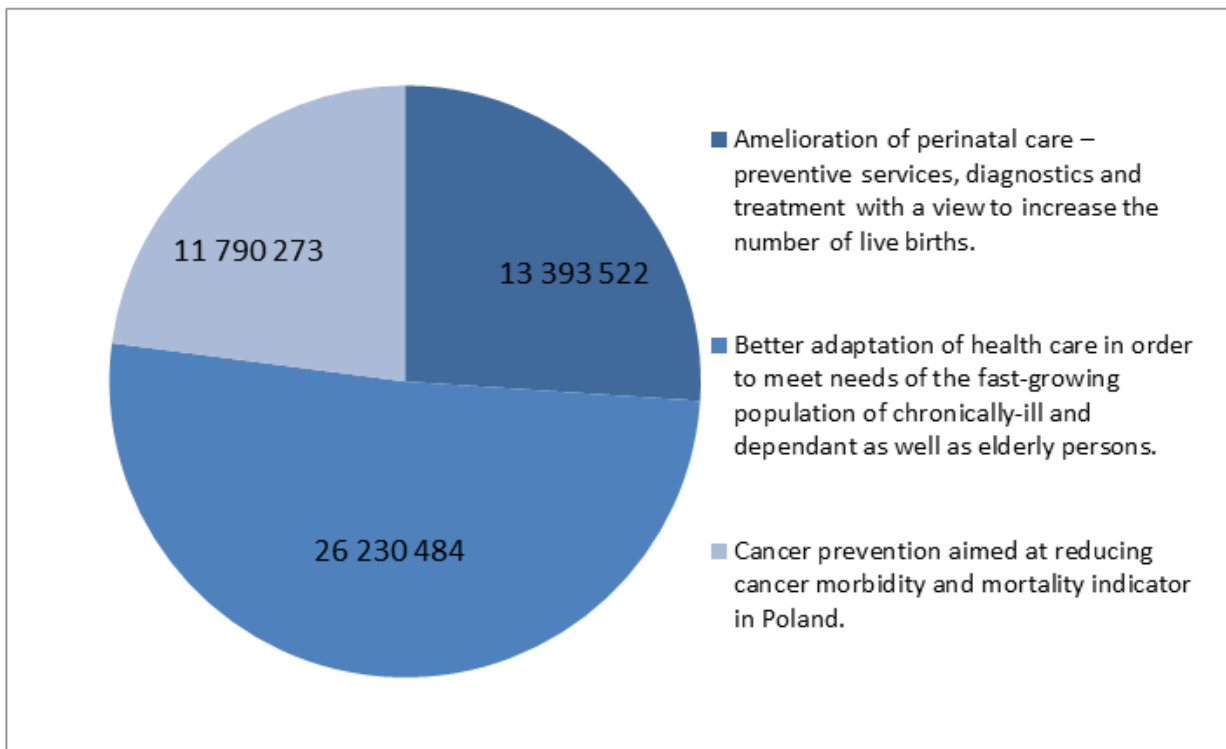
In 2015 it is planned to intensify actions aimed at starting cooperation with Norwegian and Icelandic entities through organising a series of thematic workshops, especially in the field of social participation in urban renewal and improvement of the urban environment. The result of these initiatives is expected to consist in establishment of long-term partnerships between Polish and Donor State local governments. These actions will be financed under the component “b”, to which, with the donor’s agreement, most of the funds from component “a” were transferred (Addendum No 1 to the Agreement, 30 June 2014).

In September an international conference *DiverCITY – city for all* took place, which was accompanied by several thematic events, including workshops for young experts and an urban-architectural exhibition. The conference constituted an important event financed by the Fund for Bilateral Relations at the national level.

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

Implementation of PL07 programme is advanced – in the reporting period the appraisal of proposals submitted in response to the open call for proposals was completed and the beneficiaries who received a decision on co-financing began implementation of their projects.

**Fig. 10. Resources in the division on thematic areas (w EUR)**



In 2015 the Operator intends to continue actions related with concluding agreements with applicants in order to distribute the whole allocation of funds. The main challenge for the Operator in the next reporting period will be an effective monitoring and settlement of implemented projects in order to ensure financial liquidity, keeping up with schedules and the use of uncommitted funds.

Implementation of projects selected for co-financing under the programme will allow to achieve two outcomes laid down in the agreement. The first effects which can be presented in the form of indicators are expected to be achieved in the next reporting year (the Operator will conduct an initial analysis of expected programme outputs in the first quarter of 2015, after concluding all agreements – by December 33 agreements were concluded).

The main risk for achievement of all planned indicators results project implementation time shortage caused by a long-lasting process of programme appraisal by donors, appraisal of a significant number of proposals and selection of projects managed by the Operator. Delays in the implementation of investments resulting from problems which arose mainly at the stage of the public procurement procedure may deepen this risk, and therefore the Operator, before the announcement of the call for proposals, organised trainings for potential applicants during which the risks associated with the investment implementation were discussed.

The settlement of projects approved under the first call for proposals under the Fund for Bilateral Relations, undertaken in cooperation with Norwegian partners and an Icelandic partner, was

implemented and partly accounted for . During the reporting period the second call for proposals under the FBR was announced, in response to which four partner projects were submitted and one of them was implemented, whereas the other three were evaluated positively and will be implemented in the first quarter of 2015.

In February 2014 a seminar was organised in Norway in which 18 participants took part who represented public and private entities operating in the Polish health care sector. The main aim of the seminar was to present Norwegian systemic solutions in the area of care of elderly people, dependant persons and persons suffering from chronic illnesses, to enable establishing contacts with experts and Norwegian entities from the sector.

The Programme Operator organised a two-day FBR conference on aspects of population ageing in cooperation with the Norwegian Directorate of Health, the Norwegian Ministry of Health, the Norwegian Ministry of Foreign Affairs and the World Health Organization.

In 2015 – under bilateral actions – the Operator intends to announce the third call for proposals, organise another seminar and implement three projects selected under the second call for proposals.

#### **f) PL08 Conservation and Revitalisation of Cultural and Natural Heritage**

At the beginning of 2014 the process of appraisal of proposals submitted in response to the open call for proposals was completed and in result 21 projects were approved for implementation (18 in the basic procedure and three in the appeal procedure). They are under implementation.

Projects selected in the contest procedure are infrastructural initiatives that require a long-lasting investment process and that is why it will be possible to present first outputs in 2015. Tight schedules of the above-mentioned projects' implementation constitute a very important risk factor for the achievement of results assumed under the programme and for the full use of allocations.

In parallel, under the pre-defined project *Jewish Cultural Heritage* implemented by the Museum of the History of Polish Jews, the first project actions related to the promotion of tolerance, respecting rights of minorities and combating anti-Semitism, were implemented.

During the reporting period the provisions of the programme agreement were modified following the donor's decision on the transfer of the amount of EUR 200,000 from the Fund for Bilateral Relations at the national level to the Fund for Bilateral Relations at the programme level. The amount was allocated for bilateral actions undertaken by the Museum of the History of Polish Jews (POLIN), that is for two



conferences with the participation of two partners (in 2015 and 2016) as well as for bilateral actions accompanying the opening of the main exhibition in the Museum in October 2014.

In June the Programme Operator launched an open call for proposals for co-financing partnership actions undertaken by beneficiaries who implement projects in cooperation with partners from Donor States. In 2014 five beneficiaries received co-financing for actions connected with exchange of knowledge and good practices – study visits, seminars and conferences. Moreover, in 2014 the implementation of a bilateral project undertaken by the National Heritage Board of Poland in partnership with the Norwegian Directorate of Cultural Heritage, co-financed under the FBR at the programme level, was continued. The aim of this project is to improve local heritage management in Norwegian and Polish municipalities.

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

The PL09 programme is at an advanced stage of implementation. In 2014 the appeal procedure under the second call for programme proposals was completed and funds earmarked for this purpose were divided between four projects. Following the October reallocation of funds between programmes (authorised by Addendum No 3 to the Programme Agreement of 17 December 2014), the programme budget increased by EUR 1 million of a grant. The additional allocation increased by the national co-financing will be distributed for the Fund for Bilateral Relations and co-financing of additional eight projects from the reserve list.

The table below presents the summary of calls for proposals carried out in the framework of the Programme.

**Table 2. Summary of calls for proposals under PL09 Programme: “Promotion of Diversity in Culture and Arts within European Cultural Heritage”.**

CALL FOR PROPOSALS	submitted	selected for co-financing		implemented	
		small	large	small	large
1st (2012)	135	12	11	14	12
		2*	1*		
2nd (2013)	141	12**	12	14	13
		3*	1*		
		5***	3***		

\* Co-financed as a result of an appeal procedure and the use of a reserve for this purpose.  
 \*\* One of the beneficiaries terminated the agreement (it did not start implementation).  
 \*\*\* According to estimates of PO; the Committee will give its decision in mid January 2015.

The Operator is very active in promoting the programme both among Programme beneficiaries as well as project partners from Donor States. The Operator implemented among others:

- Trainings for beneficiaries;
- A partner seminar (13–14 October 2014, Oslo), which became a forum for the exchange of experience and good practices in implementation of international partner projects in the field of culture, in the result of which a report on cooperation between cultural institutions from Poland and Donor States was prepared. It was possible to finance the beneficiaries’ participation in this event through transferring the unused funds from measure “a” to measure “b”, which was confirmed by Addendum No 2 to Programme Agreement, 28 May 2014;
- A meeting of operators of the priority area programmes (25–27 June 2014, Krakow) aiming at knowledge exchange between Operators and summarising achievements so far in the middle of Financial Mechanisms implementation.

The programme website [www.eog2016.mkidn.gov.pl](http://www.eog2016.mkidn.gov.pl) includes a database of cultural institutions in Poland and in Donor States which is helpful in establishing partnerships and cooperation. Actions financed from the Bilateral Fund are agreed on an ongoing basis with the programme partner – Arts Council Norway.

The programme has been delivered according to the schedule. By the end of 2014 the following indicators were achieved under this programme:

**Table 3. Indicators referring to PL09 Programme: “Promotion of Diversity in Culture and Arts within European Cultural Heritage”.**

	Indicator	value	
		2014	target
Result: Presenting culture and art to wide audience	Number of cultural and artistic events	1,198	100
	Number of agreements concluded within the partner projects	107	20
	Number of institutions in which cultural and artistic events were performed	372*	40
	Audience of cultural and artistic events	607,335	140,800
	Number of people involved in creating intercultural events	2,199*	880
	Number of completed intercultural events	15	20

**Table 4. Indicators as to the number of projects referring to the PL09 Programme: “Promotion of Diversity in Culture and Arts within European Cultural Heritage”.**

Output	Indicator	value	
		as at the end of 2014	target
Cultural and artistic education projects	Number of projects	12	3
Cultural heritage projects	Number of projects	15	5
Music and stage performance projects	Number of projects	16	4
Graphic and visual art projects	Number of projects	10	4

\* On the basis of interim/final reports submitted until the 2nd trimester of 2014 and approved by the Operator.

At present, no risk connected with programme implementation is identified.

#### **h) PL10 Scholarship and Training Fund**

The Scholarship and Training Fund is half-way into its implementation. The majority of calls for proposals (six out of the seven planned) were completed, the projects to be co-funded were selected and project actions started. By the end of 2014, the Programme received 614 applications, of which 315 received grant. The total amount of funding granted for all actions exceeds EUR 13 million. The PO will announce the final call for proposals under the mobility component in February 2015.

In 2014, two calls for proposals were announced under actions *Mobility Projects in Higher Education* and *Development of Polish Higher Education Institutions*. Both calls raised high interest among eligible applicants and the amount applied for in the framework of submitted project proposals considerably

exceeded the available allocation. The action *Mobility of students and university staff* contributed to enhancing mobility between Poland and Donor States. In the first academic year of Fund implementation, i.e. 2013/2014, 344 mobilities were executed, while in academic year 2012/2013, which preceded launching the Scholarship and Training Fund in the framework of Erasmus, 237 exchanges were performed.

In accordance with the donors' decision, in the reporting year during the contest devoted to the development of Polish HEIs priority was given to issues of the environment and climate change. It should be stressed that in a considerable part of projects partner groups are involved in actions, which include public and private organisations, universities, local government agencies, companies and non-governmental organisations from Norway and Poland, even despite the fact that managing a multi-partner and international project brings about much more duties, challenges and new risks. Finding project partners from Donor States -was a challenge to applicants. Action *Mobility Projects in Higher Education* concerned particularly partner cultural institutions.

The operator continued the call for proposals for *Preparatory Visits* implemented under the Fund for Bilateral Relations at the programme level, for which demand turned out much lower due to the efficiency of other communication channels (e-mail, social media, online communicators).

The Scholarship and Training Fund is the only programme under this edition of the mechanisms to cooperate with partner institutions from all three states-donors, i.e. SIU from Norway, RANNIS from Iceland and AIBA from Liechtenstein.

#### **i) PL12 Norwegian-Polish Research Programme**

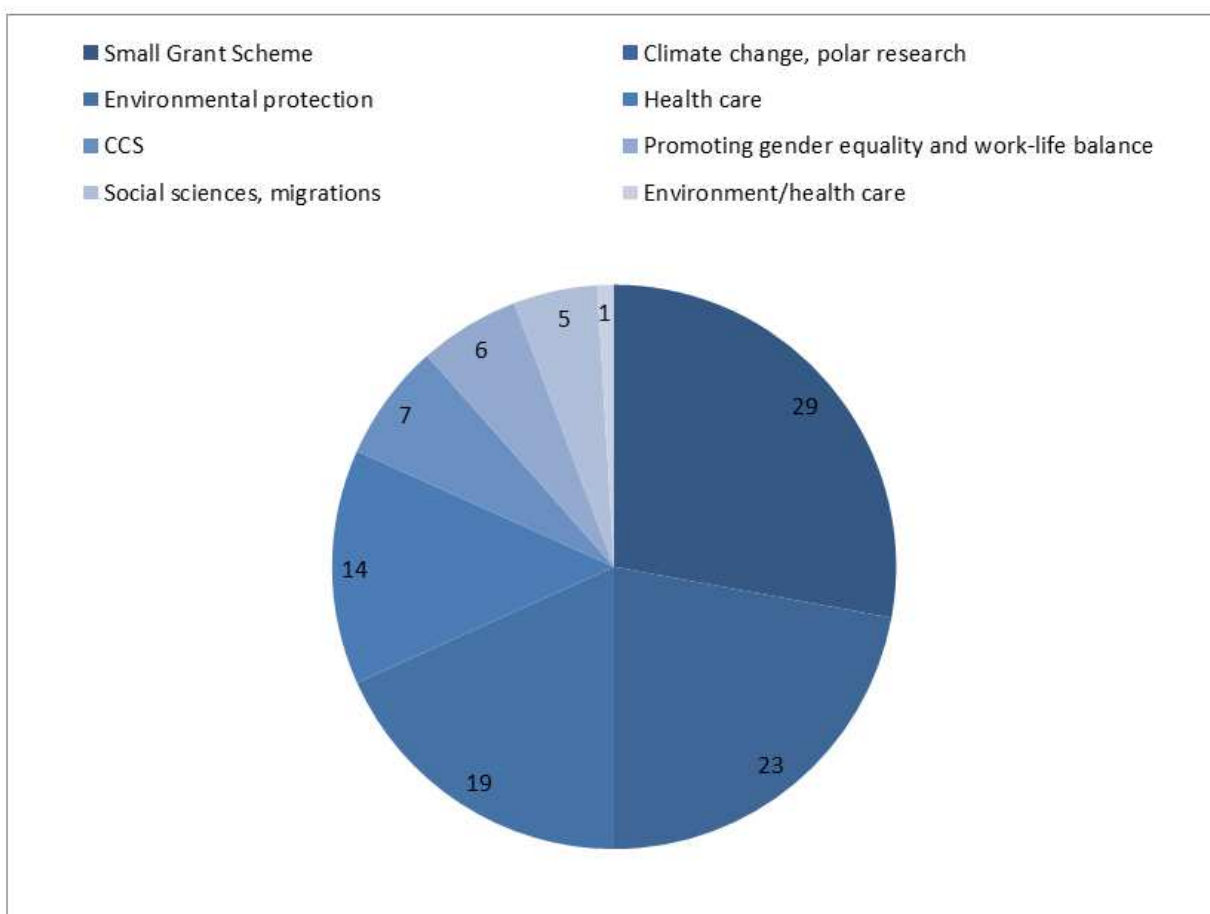
Programme PL12 is one of the most advanced programmes. In February 2014 the contest for projects in the area of carbon capture and storage (CCS) was resolved, which completed the contest actions provided for in the agreement.

The table below presents the results of all calls for proposals under the programme, and below – a list of projects divided by thematic areas.

**Table 5. Results of all calls for proposals under Programme PL12: “Norwegian-Polish Research Programme”**

	submitted	subsidy granted / agreements signed
core call for proposals (2012)	269	68
Small Grants Fund	308	29
CCS	30	<b>7</b>
total:	607	104

**Fig. 11. Thematic scope of projects implemented under programme PL12: “Norwegian-Polish Research Programme”.**



In relation to the decision of donors to extend the project expenditure eligibility period by 30 April 2017, in the reporting period actions were taken to postpone the programme eligibility end date until December 2017, which would allow the operator to meet the reporting requirements towards the donor (Addendum 3 to the Programme Agreement was signed on 27 October 2014). The second amendment to the agreement reflected the reallocation of funds between programmes as a result of which the programme budget increased by a grant of EUR 350,500 (Addendum 4 of 17 December 2004). Additional funds were divided between the Fund for Bilateral Relations at the programme level and the allocation available to contest projects. According to preliminary estimates, the additional EUR 406,168 (taking into account the co-funding contributed by the PO) will allow to grant five projects from the reserve list of the Small Grants Fund. The final decision will be made in the first quarter of 2015.

The indicators achieved at this stage of implementation are presented below:

**Table 6. Indicators for Programme PL12: “Norwegian-Polish Research Programme” achieved by the end of 2014.**

output:		value of indicators		additional information:
		achieved in 2014	target	
1	The number of cooperating research institutions under the Programme	152	220	The Polish institution was classified taking into account the definition of a scientific unit laid down in the Act on the principles of financing science, i.e. in the case of universities, separately counted basic organisational units of universities (departments, centres). Each institution (including a department, centre) was calculated once, even if covered by several projects.  For Norwegian units, the total number of institutions was calculated, without dividing them into organisational units of universities and research institutes (each institution was calculated once, even if covered by several projects).
	The number of science employees	19	30	

	using the mobility component			
2	The number of scientific publications	13	110	
	The number of SMEs involved in R&D and/or innovative actions	4	20	
	The number of female project directors	58	40	Core Call: 28; Small Grants Fund: 29, CCS: 1.

Other indicators concern outputs that will be achieved in the later part of project implementation or even after their completion.

In the reporting period, the operator organised two large events which allowed the participants to share their experience and promote research projects funded under the programme. The April kick-off conference for projects from Core 2012 Call and CCS 2013 Call gathered all beneficiaries and their partners, thanks to which they had an opportunity to start and extend cooperation and present projects. In October in turn, the initial results of initiatives connected with research into gender equality and work-life balance were presented during a two-day international conference *Gender equality: policy, research, society. Polish and Norwegian studies on gender equality: work-life balance, quality of life, universities, migration, innovativeness*. An important part of the event was a discussion on current research in the area of gender equality and the role of gender equality issues in policies and strategies in Poland and Norway. The conference was financed under the Fund for Bilateral Relations. At present, no risk connected with programme implementation is identified.

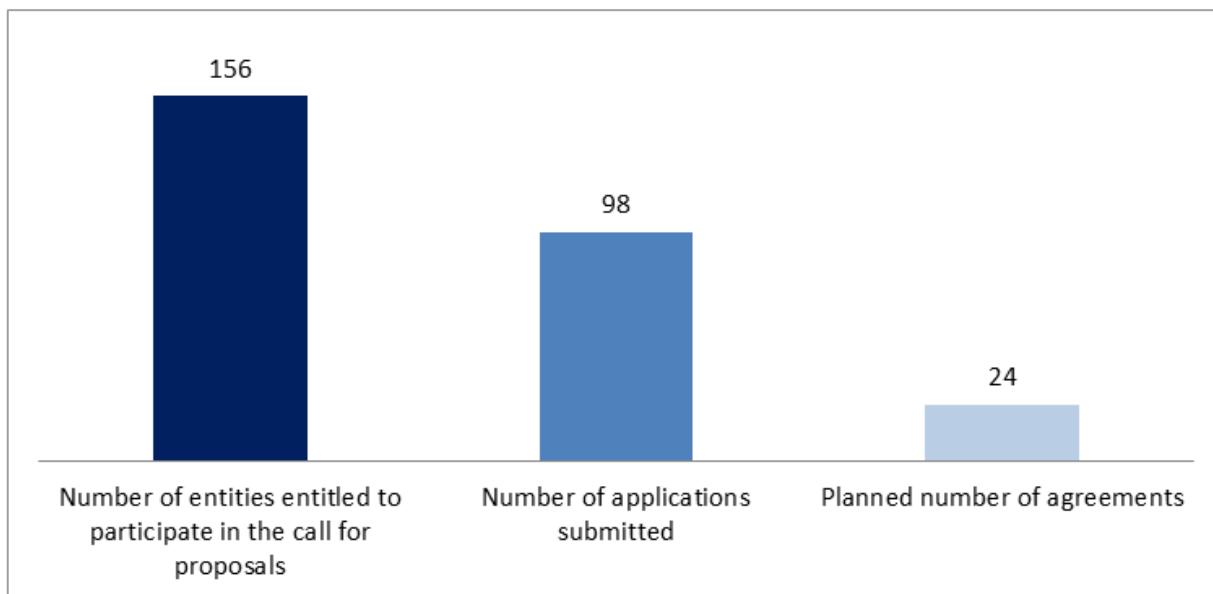
#### **j) PL13 Reducing social inequalities in health**

In 2014, in the framework of the programme, the implementation of a predefined project started, in partnership with the Norwegian Directorate for Health (the kick-off conference was attended by all partners and institutions involved in the health care system, including representatives of WHO Poland), and 24 beneficiaries were selected from a call for proposals, who will implement pilot projects.

The evaluation study commissioned by the Operator allowed streamlining management of the predefined project, proper implementation of which started in January. Two models were developed, which concern the evaluation of needs in health area and a health promotion and/or disease prevention programme that were essential from the point of view of launching the call for proposals for pilot projects. The call was dedicated to a group of 156 poviats – medium-level local government administrative units characterised by the highest standardised mortality ratios (SMR) in the three-year period of 2009–2011. Agreements with the beneficiaries of 24 funded projects (out of 98 applications

submitted in the contest) will be concluded in the first quarter of 2015. Implementation of the projects will contribute to delivery of the output: *Preventing or reducing lifestyle diseases morbidity*.

**Fig. 82. Information on applications submitted under the call for proposals within the programme PL13: “Reducing social inequalities in health”.**



Under the Fund for Bilateral Relations, at the programme level the first call for proposals was carried out and a seminar in Norway was organised, attended by representatives of Polish poviats. The partner presented, *inter alia*, the organisation of the health care system in Norway, the structure and tasks of Norwegian local government units, information on social inequalities in health, along with concepts of programmes activating individual social groups and programmes promoting a healthy lifestyle.

A joint Polish-Norwegian promotional activity was participation in the 7th European Public Health Conference: *Mind the gap: Reducing inequalities in health and healthcare*. On 21 November 2014, a workshop devoted to inequalities in health, during which information on the programme was presented, was organised by the Norwegian Institute of Public Health and the Norwegian Directorate for Health.

A significant risk inherent in programme implementation is the tight implementation schedule – the predefined project creates instruments for the management of inequalities in the health sector and devises tools used in preventive projects and for their evaluation. Close monitoring of progress in the implementation of the predefined project and projects from the open call for proposals is necessary.

**k) PL14 Counteracting domestic and gender-based violence**



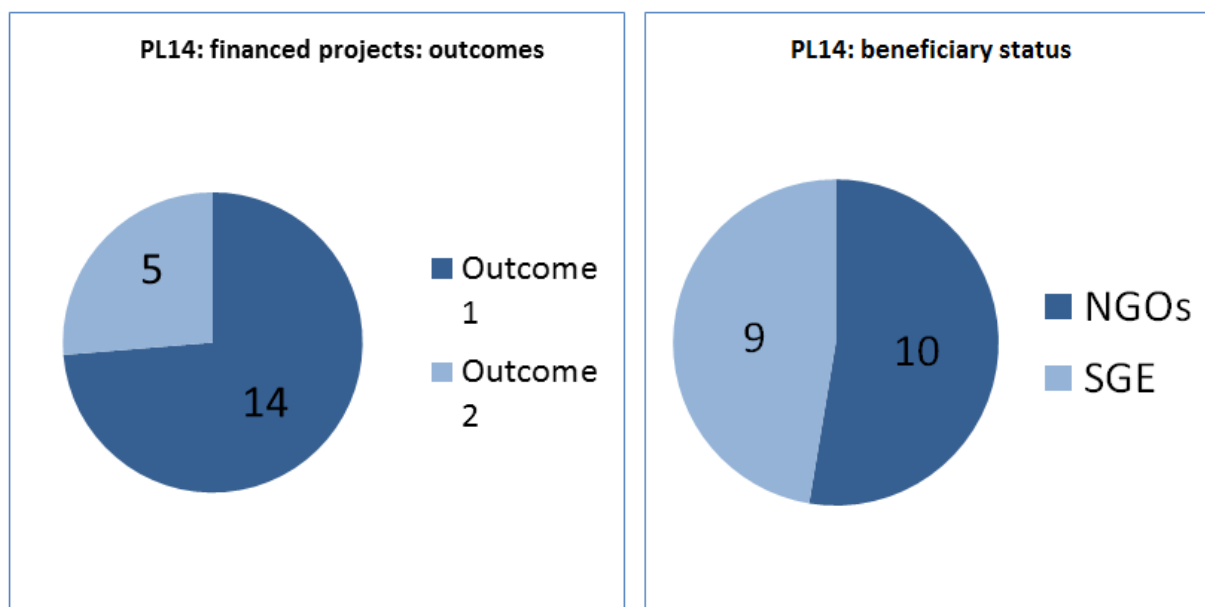
The programme is advanced – three pre-defined projects and 16 projects financed from the Small Grant Fund are implemented.

On July the 1<sup>st</sup>, a partner agreement was concluded with the Council of Europe for the implementation of predefined project No 1 *Polish family – free from violence* and two study visits under the Fund for Bilateral Relations at the programme level. Under the project, a meeting of Polish and international experts was organised, devoted to studies on comprehensive solutions in the area of preventing gender-based violence.

Other predefined projects, whose beneficiaries are the Ministry of Justice and the Central Board of Prison Service, have been implemented since 2013.

Interest in the Small Grants Fund (SGF) was high – the available allocation allowed financing only 4.4% (16 projects) of all the submitted applications (364). In the framework of the October reallocation, the programme budget increased by EUR 625,000 of a grant: EUR 490,625 supplemented predefined project No 1, and EUR 125,000 will be used towards co-funding additional projects which are now on the reserve list). A session of the Selection Committee is planned for January 2015. What follows is a division of grants as per both results and the beneficiary status.

**Fig. 93. Information on the division of grants within the outcomes and on a beneficiary status, under the programme PL14 “Counteracting domestic and gender-based violence”**



The figures above take into account three additional projects (a total of 19) which most probably would receive co-funding in 2015 as a result of increasing the value of the Small Grant Fund by EUR 125,000 due to reallocations of funds between programmes.

Due to a limited number of projects which may receive funding under the SGF (the limit of 20% of programme's eligible expenditure, Article 5.6.2 of the *Regulations*), there was a risk of a failure to achieve the assumed indicator values (the number of establishments that created accommodation for victims of domestic violence and the number of establishments which improved their accommodation infrastructure). Therefore, the donors consented to changing the target values of indicators for programme outputs.

In the framework of the Fund for Bilateral Relations at the national level, in 2014 a study visit to Iceland was organised, in which representatives of the PO and beneficiaries of predefined projects took part.

In 2015, two study visits are planned, organised in cooperation with the Council of Europe, which will create an opportunity of familiarisation with European solutions in the area of counteracting domestic and gender-based violence and of networking with foreign entities working in this area.

**I) PL15 Schengen cooperation and combating cross-border and organised crime, including trafficking and itinerant criminal groups**

Progress in programme implementation in 2014 concerned mainly actions connected with disbursing funds under calls for proposals. At that time, the originally planned call was completed and, as not all funds had been used, an additional call was organised, which is planned to be resolved in the beginning of 2015. Organising the second call for proposals will allow contracting the entire allocation for that purpose. In addition, in line with the Operator's plans, savings identified during programme implementation are to be used towards co-financing projects from the reserve list under an additional call for proposals.

Institutional changes of the Operator required amending programme documents (Memorandum of Understanding, Programme Agreement, Programme Implementation Agreement), which envisaged replacing the Implementing Authority for European Programmes by the European Projects Servicing Centre as the Supporting Institution within the Programme implementation structure. Thus, signing agreements with the beneficiaries selected within the first call started with a delay and will be finalised in 2015. Due to the fact that projects are at an early stage of implementation, progress in achieving programme indicators cannot be evaluated yet (no indicators have been reported to-date).

The programme recorded delays in preparing and implementing pre-defined projects, especially project No 1 that is prepared jointly with the Council of Europe (CoE). This was the result of prolonged negotiations with the programme partner on the final shape of the project, cooperation scope, financial settlements and provisions of the partnership agreement. In December 2014, after signing the partnership agreement with the Council of Europe, the project implementation phase has started.

The above-mentioned delays resulted in the need to update the schedules of project implementation due to the shorter time remaining for the implementation of co-financed initiatives. Therefore in 2015 the main task of the Operator will involve close monitoring of progress in physical project implementation in order to reduce the potential risk of not completing the projects on time.

In terms of using the funds from the Fund for Bilateral Relations at the programme level, with respect to the part of the fund intended for the beneficiaries, applying for funds was possible under the core calls. Due to low interest in this support measure, only several beneficiaries received financing from the FBR. Bilateral cooperation was implemented at the project level, under which two beneficiaries cooperate with a Norwegian partner. Actions initiated by the Programme Operator under the fund will be defined and implemented at a later stage of the Programme implementation.

#### **m) PL16 Judicial capacity-building and cooperation/improvement of the efficiency of justice**

Under the PL16 programme all projects have been launched – decisions on funding three of them were made in the reporting year.

Currently, the projects are at different levels of advancement. The greatest progress in material implementation was achieved by project no 5 *School education against legal exclusion*, in which the indicator reached 7,203 participants (compared to the assumed number of 9,000). The project is implemented in line with assumptions, and even some additional results are expected. In the project no 1 *Improving administrative capacities of courts, including computer systems* it was necessary to change the content and schedule of the project.

The highest risk in projects is caused by delays in implementation – delays were recorded in five of the six implemented projects. Therefore, there is a risk of failure to complete the projects within the eligibility period for expenditure and failure to implement all indicators assumed in the programme. Delays in implementing some of the IT systems supporting the judiciary turned out to be a major threat, which resulted in the need to modify one of the projects under the module *Improving the efficiency of judicial system, including the development of systems related to the conduct of court cases*.

In 2014 cooperation to strengthen the bilateral relations focused mainly on the exchange of information on the Cooperation Committee forum. The most important information and promotion actions of the programme at the bilateral level should include: *Media lesson in law* under the project no 5, *School education against legal exclusion* and inauguration of project no 6 *Promoting alternative methods of dispute resolution* in October.

#### **n) PL17 Correctional Services including Non-custodial Sanctions**

In 2014 six pre-defined projects approved in the previous year were implemented and preparatory work on the project no 7, which required modification, was finalised – the implementation of this project has started in the second half of the year with a project kick-off conference, a study visit to Poland and announcing the tender for the organisation of the planned trainings.

The organised trainings included: 111 professional trainings and 295 competence trainings for prisoners, as well as 10 courses in dog therapy. The second target group of the programme, i.e. Correctional Services staff, took part in 2,184 trainings or other forms of support.

**Table 7. Outputs achieved under the result “Increased competences of the prisoners and Correctional Services staff”**

Indicator	Value until the end of 2014	Target value
Number of certificates/diplomas for prisoners (project no 1)	4,242	5,500
Number of certificates/diplomas confirming completion of courses/training programmes/post-graduate studies for the staff (project no 2)	2,405	3,400
Number of certificates/diplomas confirming completion of courses/training programmes/post-graduate studies for the staff (project no 3)	1,306	1,680
Number of certificates/diplomas confirming completion of courses/training programmes for the staff (project no 4)	1,342	3,940
Number of certificates/diplomas confirming completion of courses/training programmes for the staff (project no 5)	0	11,250
Number of certificates/diplomas confirming completion of courses/training programmes/post-graduate studies for the staff (project no 6)	4,016	6,300

The second programme outcome, i.e. *The increasing use of alternative solutions with respect to imprisonment* is directly linked to the implementation of the pre-defined project no 7, thus the first results are expected in 2015. Limiting the scope of the project no 7 and reallocation of EUR 1,012,753 to the pre-defined project no 1 were reflected in the modification of the Programme agreement.

Substantive actions were supported by the partnership cooperation both at the level of Programme Operator and four projects. The Programme partners organised in Poland a seminar entitled *Cognitive programmes in Polish Correctional Services*, devoted to the exchange of experience concerning programmes for prisoners in Polish and Norwegian prisons. Four study visits were organized in Norway and three Norwegian delegations were welcomed in Poland. These actions enabled 20 representatives of the Polish party and 8 representatives of the Norwegian party to exchange experience concerning self-defence trainings and intervention techniques in Norwegian and Polish Correctional Services, actions preventing the occurrence of exceptional events, resolving emergency situations, officers healthcare systems functioning in both countries and using IT systems to manage and organise trainings for Correctional Services officers and staff. Thus, three out of four projects financed under the Fund for Bilateral Relations established at the programme level, were completed. Another project will be implemented in 2015.

The delay in starting the implementation of the project no 7 was one of the major risks associated with the programme implementation. The updated project schedule should ensure the timely completion of the planned actions.

\* \* \*

In the framework of the allocation granted to Poland, three programmes managed by the donors are implemented. Pursuant to Article 5.13(5) of the *Regulations*, when a programme is being operated by the FMO or a Donor State entity, the Member State bears no responsibility for the implementation of the programme.

**PL05 Programme – Fund for non-governmental organisations** is implemented by the Financial Mechanism Office, through the Stefan Batory Foundation. In the reporting period the final stage of the **system project** contest was completed, which resulted in awarding grants amounting to PLN 13,831,207 to nine applicants. Submission of proposals concerning system projects took place in two stages. At the first stage the organisations submitted initial proposals, which were later subject to formal and substantive appraisal. At the second stage the shortlisted organisations submitted the full proposals (also subject to formal and substantive appraisal). Implementation of system projects focusing on the preparation and implementation of system solutions aimed at strengthening and improving the quality of the entire non-governmental sector and its various branches is in progress.

In 2014, the first and the second edition of the **thematic project** contest were resolved and 354 projects in total were selected for funding. The third edition of the thematic project contest, which started on 1 September 2014, will be completed in 2015. Support was granted under five thematic paths which concerned involving citizens in public life, citizens' control of the functioning of public institutions, fighting against discrimination, combating exclusion and resolving problems of children and young people.

In accordance with the rules, the first evaluation of proposals was aimed at selecting initiatives for the second stage of the contest.

**Table 8. Applications submitted under the PL05 Programme: “Fund for non-governmental organisations” divided into calls.**

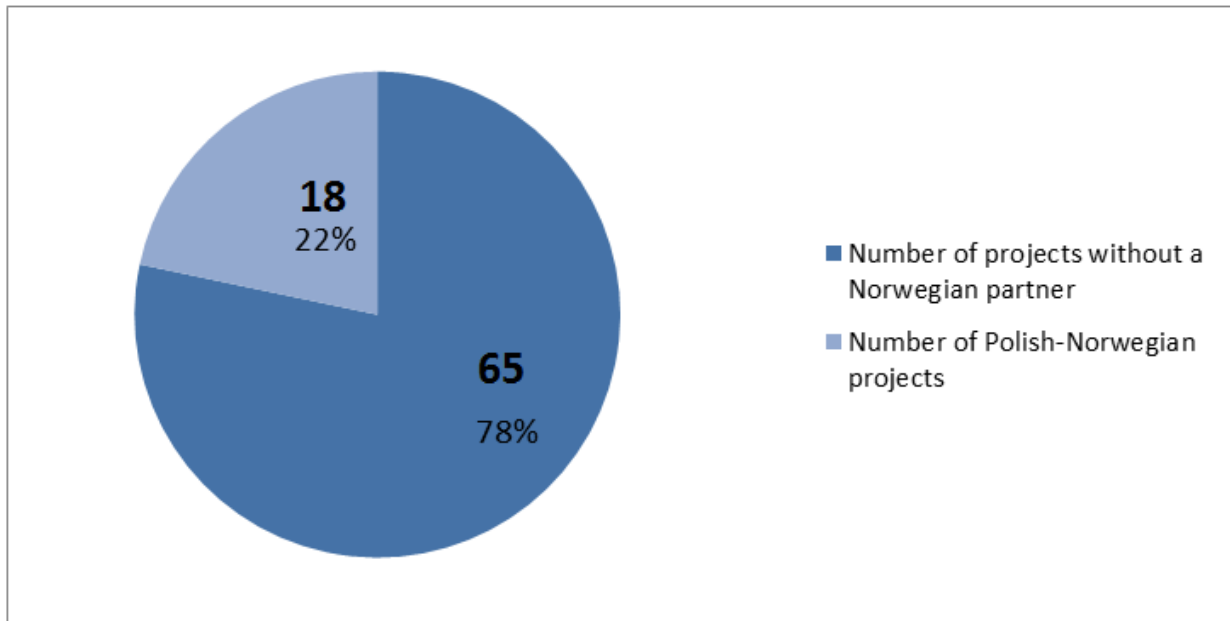
Calls for projects:	Number of proposals		
	submitted:	qualified for the second stage:	co-financed:
thematic (I)	1,931	351	157
thematic (II)	2,076	422	197
thematic (III)	2,380	362	no data
system	287	39	9

In September 2014 the contest for bilateral cooperation projects has been completed – the projects aimed at strengthening the bilateral relations between Poland and Donor States, transferring knowledge and exchanging experience. The competition, which started in the first quarter of 2014, was intended to establish or strengthen the bilateral cooperation. It is intended for non-governmental organisations which received a grant for implementation of a thematic or system project and is currently in progress (proposals can be submitted on an ongoing basis, by the 1st day of each month from 3 February 2014 to 1 December 2015). During the National Forum of Non-Governmental Initiatives in September 2014, meetings for organisations and institutions from the Donor States and Polish non-governmental organisations took place, during which the parties had the opportunity to establish cooperation and initiate a partnership.

In February 2014 the operator of the new **PL18 programme *Green Industry Innovation*** – Innovation Norway signed an agreement with the donors, which enabled the announcement of a call for proposals for Polish enterprises from the SME sector. According to the agreement, the eligibility period for the project expenditure was set at 30 April 2017. The amount of EUR 17,783,000 was made available for the call. At the same time there was an intensive campaign promoting the programme, under which the Operator visited six Polish cities, organising information seminars for the potential applicants there.

The programme raised considerable interest among Polish companies, which resulted in submission of 83 proposals amounting to approx. EUR 61 million, including 18 projects with Norwegian partners. By the end of reporting year, the most important stage of application evaluation has been completed, but the contest has not yet been resolved. The Operator is planning to select projects for funding by the end of February 2015.

**Fig. 104. Polish-Norwegian partnership within projects being implemented under the programme PL18: “Green Industry Innovation”**



Polish-Norwegian cooperation was promoted under the programme by allowing financing the costs of travel in order to establish cooperation with a Norwegian partner and by rewarding partnership projects during the evaluation of applications (the Fund for Bilateral Relations). In addition, the Polish party closely cooperates with Innovation Norway through the participation of the National Focal Point and the observers it appoints from other institutions, on the Cooperation Committee forum as well as through technical meetings, which are organised if necessary.

Further possibilities of using the funds from the Fund for Bilateral Relations will be considered in 2015. Then, the period of intensive project implementation will begin.

The implementation of projects under the programme **Global Fund for Decent Work and Tripartite Dialogue (programme area no 22)** managed by Innovation Norway was completed by the end of December 2014. In total 11 projects were implemented. The total allocation for Poland available for the projects, i.e. EUR 3,065,320 was contracted under two calls for proposals (core and supplementary call), conducted in 2011 and 2012. The Programme Operator announced that the process of submitting the final reports for project will last until the end of February 2015. However, the preliminary estimates of the Programme Operator show that the beneficiaries will use the total available allocation.



The financed projects were primarily aimed at strengthening the structures and practices of social and tripartite dialogue as well as increasing awareness and understanding of the benefits associated with providing decent work conditions. These objectives were achieved, among others by conducting studies related to decent work, including the participation of women in work life, also in managerial positions, and reconciling work and private life. In addition, a number of trainings, conferences, seminars, workshops for employees, employers and trade union representatives were organised under the projects. The subjects of these initiatives concerned mainly issues related to work-life balance, counteracting discrimination, health and safety at work. Raising awareness and knowledge in this respect was also carried out by means of information campaigns. Various information channels, such as radio (programmes) and the Internet (websites), were used for this purpose, as well as publications that were distributed among stakeholders. It should also be mentioned that the completed Programme contributed to strengthening bilateral relations between Polish entities and the Norwegian party. As a result of established cooperation, four projects were implemented within partnership. From the Norwegian party, the cooperation involved entities such as: the Confederation of Norwegian Enterprise, the Norwegian Confederation of Trade Unions, UNIO and the Norwegian Association of Local and Regional Authorities. The Polish party was familiarised with solutions applied in Norway in the field of social dialogue, and the ways of ensuring decent work conditions in Norway.

## 4 MANAGEMENT AND IMPLEMENTATION

### 4.1 Management and control system

A significant part of *Descriptions of the management and control system* (DMCS) for the Programme Operators was prepared and verified by the Polish party in 2013. By the end of 2013 the Financial Mechanism Office received DMCSs for eight institutions and in total for 11 Programmes implemented under the Financial Mechanisms 2009–2014.

However, in April 2014 the National Focal Point submitted to the FMO two further descriptions for the following Programme Operators:

- The Foundation for the Development of the Education System, PL10 Scholarship and Training Fund,
- The Ministry of Culture and National Heritage, PL08 Conservation and Revitalisation of Cultural and Natural Heritage.

According to the provisions of Article 4.8.3 of the *Regulations*, Descriptions of the management and control system submitted to the FMO shall be accompanied by a report and an opinion of the Audit Authority on the performed compliance audit, confirming that the implementation systems of the above-mentioned Operators are in line with the *Regulations* and generally applied accounting principles. As for the Description of the management and control system for PL15 Programme: *Schengen cooperation and combating cross-border and organised crime, including trafficking and itinerant criminal groups*, the NFP informed the Financial Mechanism Office that this document would be submitted at a later date. This is due to systemic changes at the PL15 Programme Operator, e.g. changes related to appointing the supporting institution for the MI – instead of the Implementing Authority for European Programmes, the European Projects Servicing Centre (COPE) was included in the Programme implementation system. These modifications required concluding appropriate addenda to the Memorandum of Understanding as well as the Programme Agreement and Agreement on Programme implementation. On the basis of these documents, on 14 November 2014 the Ministry of the Interior concluded an Agreement on cooperation in the implementation of PL15 Programme with COPE. After completing the establishment of the implementation system, in December 2014 the Programme Operator, i.e. the MI, initiated the actions to prepare the Description of the management and control system and Audit trails for PL15 Programme in cooperation with COPE. It is assumed that the Operator will forward the DMCS to the NFP for consultation in February 2015. However, the final deadline for submitting DMCS to the FMO will depend on the time needed by the Audit Authority for the compliance audit and to draw up a report and the opinion required by the Article 4.8.3 of the *Regulations*.

Moreover, in 2014 Programme Operators updated the Descriptions of four programmes:

- PL06 *Urban development by strengthening the competence of self-government units, social dialogue and cooperation with civil society representatives,*
- PL07 *Development and better adaptation of health care to demographic and epidemiological trends,*
- PL13 *Reducing social inequalities in health,*
- PL16 *Judicial capacity-building and cooperation/improvement of the efficiency of justice.*

Changes to the Descriptions introduced by the Programme Operators were mostly due to changes in the organisational structure of the institutions, which required updating the descriptions included in DMCS.

### Audit of the system and operations conducted in 2014 by the Audit Authority

According to Article 4.6.1 of the *Regulations*, in 2014 the Audit Authority (AA) audited each programme to verify the effective functioning of the management and control system. The findings of the audit were included in the *Report on the audit of management and control systems in the framework of the implementation of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism 2009–2014*. Implementation of the recommendations from the above-mentioned Report will be subject to a check during the next audit of the management and control system.

As a result of audits, the management and control system in the framework of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism 2009–2014 was evaluated as belonging to category 2 – Works, but some improvements are needed, in relation to the following projects:

- PL06 *Urban development by strengthening the competence of self-government units, social dialogue and cooperation with civil society representatives,*
- PL10 *Scholarship and Training Fund,*
- PL12 *Norwegian-Polish Research Programme,*
- PL14 *Counteracting domestic and gender-based violence.*

The management and control system for the remaining programmes:

- PL02 *Protection of biological diversity and ecosystems,*
- PL03 *Improving environmental monitoring and inspection,*
- PL04 *Saving energy and promoting renewable energy sources,*
- PL07 *Development and better adaptation of health care to demographic and epidemiological trends,*
- PL08 *Conservation and Revitalisation of Cultural and Natural Heritage,*
- PL09 *Promotion of Diversity in Culture and Arts within European Cultural Heritage,*
- PL13 *Reducing social inequalities in health,*
- PL16 *Judicial capacity-building and cooperation/improvement of the efficiency of justice,*

– PL17 *Correctional Services including non-custodial sanctions*,  
was evaluated as belonging to category 1 – *Works well; only minor improvements needed*.

National Focal Point and Certifying Authority systems were evaluated as belonging to category 1 – *Works well; only minor improvements needed*.

Moreover, in 2014 on the basis of an appropriate project sample the Audit Authority audited operations to verify the declared expenditure in the framework of projects implemented under PL09 and PL10 programmes.

In the framework of the audit of operations, the examination covered expenditure in the amount of PLN 10,129,002.52. The ineligible expenditure in the amount of PLN 4,874.84, detected as a result of the audit, results from findings in the area of public procurement and eligibility. Due to the fact that the indicated irregularities were not detected before the fourth quarter of 2014, notification of the irregularities will be conducted in the first quarter of 2015. The Audit Authority did not detect any systemic errors during the audit of operations. On the basis of the examination mentioned above, the Audit Authority expressed its opinion that the management and control system established for the Programmes mentioned above worked effectively to provide justified assurance that the declarations of actually incurred expenditure presented to the Financial Mechanism Committee and the Norwegian Ministry of Foreign Affairs are correct, and thus a justified assurance that transactions constituting their basis are timely and lawful.

According to Article 4.6.1(e) of the *Regulations*, on 19 December 2014 the Audit Authority submitted an annual report on audits conducted in the framework of the EEA Financial Mechanism and the Norwegian Financial Mechanism 2009–2014 to the Financial Mechanism Office.

## **4.2 Compliance with the EU and national law and the Memorandum of Understanding**

Implementation and management of the EEA and Norway Grants is consistent with EU law, national law and the Memorandum of Understanding.

## Irregularities

According to Chapter 11 of the *Regulations*, the Beneficiary State shall report the detected irregularities to the EEA Financial Mechanism/Norwegian Financial Mechanism 2009–2014.

In the reporting year 2014, two new irregularities detected in two projects financed in the framework of the programme PL09 *Promotion of Diversity in Culture and Arts within European Cultural Heritage* were reported. In accordance with Article 11.5 of the above-mentioned *Regulations*, these irregularities were reported to the donor party under the regular reporting procedure. The irregularities mentioned above concerned infringement of the provisions of the Act – Public Procurement Law. The total amount of imposed financial corrections was EUR 2,034. The beneficiaries of the projects in which irregularities were detected settled the imposed financial corrections.

The Audit Authority presented the donor party also with progress reports on the irregularities reported earlier in the framework of PL09 programme.

Moreover, no cases of irregularities which should be reported with immediate effect were detected during the reporting year.

## 4.3 Audit, monitoring, review and evaluation

In 2014, monitoring of the implementation of particular programmes was conducted mainly through periodic reporting and monitoring visits of the National Focal Point at the Operators. Moreover, in 2014 two meetings of the Monitoring Committee were held at the national level.

### Reporting

By the end of 2014, the Operators submitted a total of 90 Interim Financial Reports, out of which 44 were submitted in 2014. The Operators also submitted a total of 18 annual reports, out of which 14 annual reports for 2013 were submitted in 2014.

### Programme controls

Furthermore, during the reporting year the National Focal Point conducted four out of five systemic controls at programme Operators which were included in the NFP control plan for 2014. The verification was conducted in relation to the Operators of the following programmes: PL02 – Ministry of the Environment, PL07– Ministry of Health, PL14 – Ministry of Labour and Social Policy and PL15 – Ministry of the Interior. A control of PL16 programme was postponed to 20 January 2015 due to a change of the supervisor in the NFP.

Drawing up the control plan of Programme Operators for 2014, the NFP took into account the rule laid down in the Description of the management and control system, saying that Programme Operators should be subject to control in terms of programme implementation and disbursement of funds at least every two years. In addition, the analysis of progress in the implementation of individual programmes also considered the progress in the implementation of the Fund for Bilateral Relations at the national level by individual beneficiaries who were also Programme Operators.

Consequently, in 2014 the Ministry of the Environment and the Ministry of the Interior were subject to control concerning the use of the Fund for Bilateral Relations at the national level. The Operator of PL16 programme – the Ministry of Justice – was also qualified for the control, however, due to the reasons mentioned above the control was postponed to the first quarter of 2015. The NFP did not detect any serious irregularities as a result of the controls conducted at the entities mentioned above. The recommendations concerned especially actions undertaken by the Operators to fully use the available budget and to signal the emerging risks and problems sufficiently in advance.

Furthermore, since the programmes are at the initial stage of implementation, it was impossible to select individual projects implemented under the EEA Financial Mechanism and the Norwegian Financial Mechanism 2009–2014 for control in 2014. Thus, the NFP decided to also cover selected projects implemented in the framework of particular programmes with planned control in 2015.

A control performed at the Operator of PL02 programme, e.g. the Ministry of the Environment and the National Fund for Environmental Protection and Water Management showed that the Operator fulfils the general conditions resulting from the Agreement on the Programme implementation. However, monitoring of initiative implementation was suggested to ensure achievement of all the expected indicators. As the projects relate to the natural environment and due to a relatively short period of their implementation – by 30 April 2016, it was recommended that PO started with concluding agreements with the beneficiaries of the projects which require immediate actions to achieve the expected indicators. Moreover, due to the fact that a large part of the received funds was not used, it was recommended that when requesting further advance payments the Operator should consider the current degree of the use of funds so that the amounts planned to be used corresponded to the Operator's real demand for funds. The NFP suggested improving reporting actions. It was also recommended that the PO should prepare a request for the reallocation of funds which includes detailed information concerning the planned reallocations from Result 1 and changes to the programme indicators, and, once the changes mentioned above have been approved by the donors, immediate conclusion of agreements with the beneficiaries from the reserve list who may receive co-financing due to a transfer of funds.

As a result of a control performed at the Operator of PL07 programme, i.e. the Ministry of Health, it was concluded that the Operator had fulfilled all duties in accordance with the conditions laid down in the Programme Agreement and the Agreement on the Programme implementation. However, there were delays in the implementation of projects selected under the open call for proposals, which is why constant monitoring of the project implementation, regular schedule updating and, where necessary, formulating remedial actions was recommended. Moreover, due to the fact that a large part of the received funds was not used, it was recommended that when requesting further advance payments the Operator should consider the current degree of the use of funds so that the amounts planned to be used corresponded to the Operator's real demand for funds. As regards the risks indicated in the programme proposal, attention was drawn to the delays identified in the programme. Due to a late start of the project implementation, the NFP claims that there is a risk that they will not be completed by 30.04.2016, which is why conducting detailed project monitoring in the field of physical and financial progress, maintaining regular contact with the beneficiaries and monitoring of public procurement procedures was recommended to the Operator.

The control performed at the Operator of PL14 programme, i.e. the Ministry of Labour and Social Policy, showed that the Programme Operator satisfies the co-financing conditions resulting from the Programme Agreement. The programme is implemented correctly, in accordance with the schedule, however its financial progress was lower than expected and due to that the Operator was recommended to take into account the real physical and financial implementation of actions and the rational need of requesting further funds when planning expenditure for the following reporting periods. In the context of the defined risks, further project monitoring was recommended, especially of the issues related to the recruitment of therapeutic classes participants and the appropriateness of selecting of and implementing agreements by the contractors. Close cooperation with the Council of Europe to conduct the planned study visits was also recommended.

A control conducted at the Operator of PL 15 programme, i.e. the Ministry of Interior, confirmed that the Operator satisfies the conditions of receiving the co-financing mentioned in the Agreement on the Programme implementation. The conditions are fulfilled gradually with the progressing implementation of the programme. There were delays at the level of actions implemented by the Operator in the programme, mainly those connected with the changes in the structure of programme management, initiated by the Ministry of the Interior. Close monitoring of the progress of physical project implementation by the Operator was recommended, among others with the use of reporting on project implementation and visits to the places of their implementation, as well as taking immediate remedial actions against the identified delays/problems in the project implementation. Due to low percentage use of advance funds, it was recommended to plan expenditure for subsequent reporting periods with more diligence, taking into account actual physical and financial implementation

of actions. In addition, to ensure more transparent identification of expenditure incurred by the Operator, it was recommended to separate accounting records for the BCF at the national level and expenditure related to programme PL15. In view of the short time remaining until the end of project implementation, determined by the expenditure eligibility period in the framework of the Norwegian Financial Mechanism and the early stage of project progress, it was recommended to the Operator to conduct close monitoring of physical and financial project implementation in order to mitigate the potential risk of failure to complete projects on time. In addition, it was recommended to urgently complete work on the Management and Control System and audit trails.

### Monitoring Committee

In the framework of monitoring actions at the national level, two meetings of the Monitoring Committee were held in 2014. The Committee is to ensure efficiency of using funds and monitoring of the implementation of the European Economic Area Financial Mechanism for 2009–2014 and of the Norwegian Financial Mechanism for 2009–2014.

The first meeting in the reporting period took place on 12 March 2014, during which up-to-date information on the implementation of the Financial Mechanisms was presented. In addition, during the meeting, in line with the MC's tasks, a resolution was passed on positive opinioning of Strategic Reports for 2013.

The Committee convened for the second time on 13 November 2014 and the meeting was devoted to presenting the current state of Financial Mechanism implementation to its members. The Committee session was also an opportunity for a representative of the Ministry of the Environment to present information on implemented Operational Programmes: PL02 *Protection of biological diversity and ecosystems*, PL03 *Improving environmental monitoring and inspection*, PL04 *Saving energy and promoting renewable energy sources* implemented from the funds of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism 2009–2014.

### 4.4 Information and promotion

The *Communication Strategy* approved by the Donors in October 2012 assumes that in 2014 and 2015 information and promotion activities were to focus mainly on strengthening the message concerning project implementation. The following was *inter alia* assumed:

- Informing the general public on progress in implementation,
- Promoting first visible project results,
- Promoting the best practices,



- Strengthening contacts with the media,
- An interim event.

Due to the initial stage of project implementation, in 2014 the NFP focused information and promotion actions on building awareness of the EEA and Norway Grants brand in Poland. The actions taken were to serve creating and consolidating awareness of recipients of funds' existence, as well as maintaining their positive image and disseminating the role they play in Poland by project implementation. The NFP also provided information on the first visible results of projects, mainly on the funds' website.

Actions that serve building brand awareness were dictated by the results of surveys on recognisability of the EEA and Norway Grants brand in Poland, carried out in 2013. The surveys showed that close to 14% of the society have heard about the EEA and Norway Grants. The surveys also resulted in a clear recommendation to focus information and promotion actions on young people. There were many arguments in favour, such as the fact that youth is a group with the greatest capacity to spread information, and from the long-term point of view as in the near future they will become the decision-making part of the society.

In 2014, the NFP implemented advertising and image actions, as well as events.

Advertising actions included two spot campaigns using a cartoon that briefly present the ideas and objectives of the EEA and Norway Grants. For nearly three months, the film constituted the basis for an online viewing campaign. The commercials were displayed at major Polish websites, such as gazeta.pl, wp.pl, onet.pl and on YouTube. A total of over 3,100,000 views was achieved.

The same film was displayed on Warsaw metro trains and on city buses. During the campaign, the film was displayed almost 60,000 times on buses and nearly 40,000 times on screens in metro trains.

Events were also an important pillar of promotion. In autumn 2014 a city game was organised for young people and, as it turned out, also for families in Warsaw. It was a light form thanks to which the participants had the opportunity to get to know fund support areas, learn what programmes consist in and what influence they have on Poland's development. Several dozen teams performed field tasks structured so that all participants learn the most about the funds and enjoy themselves at the same time.

Another event was a photography contest launched by the end of the year: the Photo Grants Challenge. It was intended for young photography enthusiasts, whose task was to take photos with subjects related

to the funds and submit them for evaluation by a jury consisting of professionals. It was a nationwide contest. The participants who passed through the initial selection had the opportunity to take photos under the supervision of professional photography trainers in six Polish cities: Warsaw, Lublin, Białystok, Katowice, Poznań and Gdańsk.

The NFP also prepared brochures and informational materials, including the *Guide to programmes*, which it provided also to Operators. These materials were used for, *inter alia*, image promotion, e.g. during a conference *Polish community in Norway* which took place in November 2014 in Oslo.

The image promotion also included participation in the contest *Poland Growing More Beautiful*, which encompassed projects financed from the EEA and Norway Grants. The purpose of the contest was to select the most interesting tourism and recreation projects.

The NFP organised a training for the Operators, aimed at improving the skills of persons responsible for information and promotion actions in clear and accessible communication of project results. The storytelling method was used for that purpose.

Apart from the initiatives implemented in 2014, the NFP ran a website [www.eog.gov.pl](http://www.eog.gov.pl), where it published news on an ongoing basis and information on approaching deadlines of calls for proposals. All important information was also published on the website, including that from Programme Operators. In addition, the NFP ran a helpline and e-mail box to which many questions from interested persons were sent.

As concerns Article 4.7(2) of the *Regulations*, Programme Operators fulfil their obligations. All Operators implement the assumptions of *Communication Plans* which were adopted for the programmes by the Financial Mechanism Office, they also run websites presenting detailed information on the programmes.

## 4.5 Work Plan

2014 turned out the most complex in terms of the size, intensity and diversity of implemented actions. Aside from preparatory actions in case of programme (PL18) and few pre-defined projects, nine calls for proposals were opened, submitted project proposals were evaluated and 18 contests were resolved. In parallel, the initiatives that already started were continued, as well as monitoring and management focused on efficient use of funds.

In 2015, the last planned call for proposals will be announced (PL10), five calls will be resolved under programmes PL04, PL05, PL10, PL15 and PL18, while the operators and the National Focal Point will devote much of their activity to control of implemented initiatives.

It is assumed that 2015 will be a year of intensive actions related to using the budget of the bilateral fund at the programme level. After closing calls for proposals under the programmes, potential beneficiaries will be interested in an additional source of financing of bilateral initiatives. Calls for proposals for bilateral initiatives will be announced *inter alia* in the sector of the environment and health.

In 2015, kick-off meetings, workshops, seminars for the beneficiaries, study visits and conferences will be organised. The most important conferences will be the thematic conferences under the programme devoted to biodiversity PL02 conducted in national parks throughout Poland, conferences on RES under programme PL04 and the conference on climate protection and polar research under the research programme PL12.

In 2015, individual projects will enter the stage of intensive implementation. Visualisation of project effects is to be expected, and a related increase in the visibility of the EEA and Norway Grants in Poland. 2015 is the first key year from the point of view of achieving the assumed indicators and results.

As to financing, a considerable increase in payments at the level of projects and programmes alike is expected.

In 2015, intensive monitoring of Programme implementation will be carried out through controls of programme Operators and projects by the National Focal Point. In addition, the Audit Authority plans to audit selected projects. In 2015, two meetings of the Monitoring Committee for the Financial Mechanism are planned, with the first one scheduled for March. In the first half of 2015, an Annual Meeting will be organised in cooperation with the donors.

## 5 SUMMARY OF OPEN ISSUES AND RECOMMENDATIONS

Vast involvement of the institutions implementing individual programmes in the framework of the Financial Mechanisms in Poland, resulting in intensification of actions related to finalisation of the calls for proposals, allows concluding that the plans for 2014 were achieved.

At present, the most frequently emphasised risk and at the same time the greatest challenge for the Operators and beneficiaries of a considerable number of financed projects is their implementation within the cost eligibility period, i.e. by 30 April 2016. This particularly concerns the projects which have no time reserve provided for in their schedules (such as a.o. PL04, PL08, PL13), selected under additional calls for proposals or granted as a result of the final reallocation, and infrastructural projects conditioned by public procurement. The group of projects for which achieving the assumed indicators in the eligibility period will be a great challenge includes also a part of pre-defined projects (*inter alia* in programmes PL13, PL14 and PL16) implemented in cooperation with donors' institutions or other partners, such as Council of Europe. The projects frequently concern systemic issues, the working out of which requires complex and long-term processes.

In the light of the above, Operators increasingly frequently postulate consideration of the possibility to extend in justified cases the expenditure eligibility period for Programme,. Extending the implementation of individual projects is also a solution under analysis.

As concerns the risk analysis at the level of individual Programmes, the National Focal Point perceives the greatest challenges in implementing the health-related programmes: PL07 and PL13, the environmental programme concerning RES: PL04, the programme related to large cultural investments: PL08, and the programme which envisages improving the efficiency of the judiciary: PL16. The risks related to these programmes result from the size of budget to be made use of, very tight implementation schedules and the systemic nature of these programmes. Full spending depends on proper and smooth conduct of procurement procedures under these programmes. The selected contractors should perform the agreed work and deliver equipment in a reliable way and in accordance with quite strict schedules. The programmes are supervised on an ongoing basis by the Programme Operator and the NFP.

The issue of full use of the allocation available to Poland under the Programmes is the most important from the point of view of Poland's strategic and economic objectives. The use of funds is influenced not

only by the level of spending under individual projects, but also by the use of bilateral funds both at the Programme and the national level. The National Focal Point and Programme Operators take any actions aimed at full mobilisation of available financial resources, but nonetheless it should be noted that full use of bilateral funds, especially under large programmes (such as PL04) will constitute a great challenge for all institutions involved.

The Operators and the NFP still identify the need to adjust data in the DoRIS system, which will allow eliminating discrepancies between the database and the documents it generates (such as discrepancies between the amounts paid out by the FMO on the basis of DoRIS and the amounts resulting from the PDF versions of IFRs generated by the system) or programme agreements as to the indicators.

## 6 ANNEXES

### **Annexes generated by the DoRIS system, as at 31 March 2015:**

1. For each Programme, a table showing the breakdown in respect of applications received and projects selected/contracted, as well as the types of intervention supported.
2. For each Programme, a table providing information in respect of donor partnership projects (names of Donor State entities, number and proportion of partnership projects).
3. A summary table on Donor partnership projects on the Beneficiary State level.
4. A list of irregularities detected at the Beneficiary State level and at Programme level during the reporting period and financial corrections made. Provide an update on previously reported irregularities.
5. For each Programme, a list of irregularities detected at project level during the reporting period and financial corrections made. Provide an update on previously reported irregularities.

### **Attachments of the NFP:**

1. List of NFM and EEA 2009–2014 Programmes;
2. Technical Assistance;
3. Financing of staff;
4. Plan of monitoring and audit tasks for 2015;
5. A risk assessment at the national level;
6. A risk assessment at the programme level.

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