

**Minutes from the Annual Meeting on
Norwegian Financial Mechanism and EEA Financial Mechanism
2004-2009 and 2009-2014**

Warsaw, 30 of May 2012

Participants:

Donor states representatives:

Anders Erdal, Chairman of the Financial Mechanism Committee,
Steinar Hagen, Deputy Director General, Ministry of Foreign Affairs,
Martina Østerhus, Section for Central Europe and the EEA Financial Mechanisms, Ministry of Foreign Affairs,
Stine Andresen, Director, Financial Mechanism Office,
Rune Vistad, Head of Sector, Financial Mechanism Office
Andrea Pietras, Country Officer, Financial Mechanism Office
Ragna Fidjestol, Bilateral Coordinator, Financial Mechanism Office
Per Ivar Lied, Royal Norwegian Embassy
Stein Inge Nesvag, Royal Norwegian Embassy
Karina Gradowska-Karpinska, Royal Norwegian Embassy

Representatives of Poland:

Paweł Orłowski, Undersecretary of State, Ministry of Regional Development
Małgorzata Wierzbicka, Director, National Focal Point
Małgorzata Zalewska, Deputy Director, National Focal Point
Aleksandra Guzowska, National Focal Point
Aneta Krzywicka, National Focal Point
Urszula Demidziuk, National Focal Point
Monika Zawistowska-Wąsik, National Focal Point
Magdalena Iwaniecka, National Focal Point
Monika Sieradzan, National Focal Point
Krzysztof Gacparski, National Focal Point
Magdalena Majewska, National Focal Point
Katarzyna Kott, the Audit Authority, Ministry of Finance
Danuta Jakóbczyk, Certifying Authority, Ministry of Regional Development
Jacek Mazurczak, Certifying Authority, Ministry of Regional Development
Dorota Zawadzka, Paying Authority, Ministry of Finance
Agnieszka Kijas, Paying Authority, Ministry of Finance

I) OPENING BY THE FOCAL POINT AND THE DONORS

The Annual Meeting was opened by Mrs Małgorzata Wierzbicka, the Director of the Department of Aid Programmes and Technical Assistance at the Ministry of Regional Development in Poland. Mrs Wierzbicka greeted the participants.

II) NFM AND EEA FM 2004-2009

- 1. Summary of the implementation of Financial Mechanisms 2004-2009**
- 2. Results/lessons learnt**

Ms Małgorzata Zalewska, the Deputy Director of the Department of Aid Programmes and Technical Assistance at the Ministry of Regional Development, presented general information on the implementation of the Financial Mechanisms 2004-2009 in Poland. Presentation concerned among others the following issues: distribution of funds, prolonged projects, monitoring results, irregularities (16 reports on irregularities suspicion).

By the end of 30 April 2012, beneficiaries and block grants' operators received the amount of above 485 million (including Seed Money) from the Financial Mechanisms. It constitutes above 92% of funds contracted by the Intermediate Bodies / Auxiliary Institutions with the beneficiaries and by the National Focal Point with the Operators of block grants.

The final results are visible in many fields such as: environmental protection and health care, scientific research, scholarships for students, improvement of safety within the Schengen area. The effects are also visible in cultural cooperation and renovation of historical buildings and monuments, development of regions and assistance for non-governmental organisations. Over 1,600 large- and small-scale projects were implemented in Poland. Tens of thousands of doctors, scientists, students, clerks, police officers and representatives of non-governmental organisations improved their qualifications. Over 100 children recreation zones were opened for general use as a way of preventing the children's health. Over 340 Polish and foreign partners established cooperation under cross-border initiatives. Over half million people participated in cultural events.

Mr Erdal, Chairman of the Financial Mechanism Committee, expressed his satisfaction from the fact that the Financial Mechanisms had contributed to reduction of the social and economic disparities within the European Economic Area. He also pointed to the small number of irregularities detected in case of the Polish projects. At the end, he expressed his satisfaction at the existing cooperation between Poland and the Donors and stated that it gave good prognosis in the context of the new phase of Financial Mechanisms.

3. Outstanding issues

When it comes to the outstanding issues as regards the first phase of Financial Mechanisms, the following issues were discussed:

Monitoring of the projects - the Polish side stated that projects monitoring process would be continued. The results will be delivered to the Donors' side.

Interests on the bank accounts for re-granting opened by the funds / programme operators - it was agreed that the letter with information on this subject will be sent to the FMO.

The irregularities in project "Dance Bridge" (Culture Exchange Fund) – the Polish side suggested the reimbursement of the funds only in case of the Polish beneficiary.

The Focal Point expects that financial settlements for all projects are made by the end of October 2012. [NB: meant as submission of last PIRs].

Mr Erdal informed the Polish side about the ex-post evaluation which was planned to be conducted by the Donors' side by the end of 2012. According to the initial assumptions, the evaluation will cover several countries, including Poland. The NFP will be informed about the details at a later date.

4. Adoption of Annual Reports

The Annual Reports on the implementation of Financial Mechanisms 2004 – 2009 for the year 2011 were adopted by the Donors side. The Donors commented that the assistance became an important instrument supporting Poland's development, especially at local and regional level and that utilisation of funds constituted an attractive supplement of EU funding. The Chairman of the FMC noted that important objectives were reached.

5. Closure of the NFM and EEA FM 2004-2009

Both parties agreed that official closure of the NFM and EEA FM 2004-2009 would be done by an exchange of letters.

NFP stated that it would prepare a short version of Annual Reports for 2012.

III) NFM AND EEA FM 2009-2014

1. Adoption of Strategic Reports

The Donors adopted the Strategic Reports on the implementation of Financial Mechanisms 2009 – 2014 for the year 2011. It was pointed out that the beneficiaries of the bilateral fund are not only the Focal Point and the POs. At the same time, Mr Erdal noted that the future Strategic Reports should cover all requirements listed in the template for Strategic Reports (Annex 3 to the Regulation on the implementation of the EEA Financial Mechanisms and Norwegian Financial Mechanisms 2009-2014).

2. Status of programme preparation (including co-financing, programme overview)

The parties started the discussion with presentation on the status of the implementation of Financial Mechanisms 2009 – 2014 done by the Polish side. The presentation was given by Mrs Małgorzata Wierzbicka.

All 16 programmes were prepared by the Polish side and forwarded to Donors by the 10th of February 2012. The first four programme agreements were signed in April and May 2012. In total, the contracted value amounts to approx. EUR 77,6 Mio. As a part of the contracted amount shall be also included the allocation of the *Global Fund for Decent Work and Tripartite Dialogue* (EUR 3,1 Mio) implemented by the Norwegian institution (Innovation Norway). As regards this programme the NFP asked Donor States for providing the NFP with information about the progress in the implementation. Donors agreed on this issue.

In response, Mr Erdal underlined that the programming process in Poland was advanced. It can be seen in the number of adopted programmes. Mr Erdal informed that in total the Donor side approved seven programmes, while four of them came from Poland.

2.1 Programme co-financing on the Polish side

When it comes to the programmes co-financing the parties went through all programmes that were still in a Donors' evaluation process. The main discussion was focused on the following programmes: PL04 *Saving energy and promoting renewable energy sources*, PL07 *Development and better adaptation of health care to demographic and epidemiological trends*, PL13 *Reducing social inequalities in health*, PL08 *Conservation and revitalisation of cultural and natural heritage*, PL15 *Schengen cooperation and combating cross-border and organised crime, including trafficking and itinerant criminal groups*.

An agreement on the rates of co-financing was reached for all programmes except health, renewable energy and Schengen. The Chairman emphasized the request from the donors for co-financing from the Polish side for the health and the renewable energy programmes on programme and project level in order to ensure ownership and sustainability of the use of funds. The donors recalled the stipulation of Protocol 38b that the EFTA contribution shall not exceed 85% of programme cost. The argument of double co-financing is not accepted by the Donors.

As regards the programme **PL08 Conservation and revitalisation of cultural and natural heritage** the Polish side confirmed a possibility to co-finance on the programme level with 15% but the institutions supervised by the Ministry of Culture and National Heritage would receive 100% of the grant at project level. The Donors' side thanked for these proposals. The Donors accepted also the NFP proposals given for programmes **PL02 The protection of the biological diversity and ecosystems** and **PL03 Improving environmental monitoring and inspection** that the co-financing would come from the project level.

Afterwards, the discussion was mainly focused on three programmes PL04 *Saving energy and promoting renewable energy sources*, PL07 *Development and better adaptation of health care to demographic and epidemiological trends* and PL13 *Reducing social inequalities in health*.

In case of the programme **PL04 Saving energy and promoting renewable energy sources** the Polish side underlined that due to the fact that the beneficiaries would be mainly self-governmental entities, which are partly financed from the state budget, co-financing at both the program and projects level would result in co-financing mainly from the central budget resources. Usually in the European Funds, the Commission requires the public co-financing no matter if it comes directly from the central budget or the regional budget. The Chairman emphasized that the Ministry of Environment should provide a contribution on programme and project level in order to ensure ownership of the programme. The donors ask for a contribution also against the background of the programme triggering important savings.

When it comes to the health programmes (**PL07 Development and better adaptation of health care to demographic and epidemiological trends** and **PL13 Reducing social inequalities in health**) the Polish side underlined that requirements concerning the co-financing at both programme and projects level - in the light of the fact that a great number of beneficiaries would be self governments – would result in co-financing from the state budget at the level of 30%. Mrs Wierzbicka also underlined that the health sector was not well supported from the European Union funds what meant that almost all health projects conducted in Poland were financed from the Polish state budget. Therefore, co-financing at both programme and projects level concerning would be burden the state budget. The Donor side argued that a higher level of co-financing would result in a better quality and sustainability of supported projects. In response, the Polish side stated that higher co-financing level would only mean a greater number of projects. The Chairman of the FMC recalled that the programme was considered a high priority for Poland. He requested the Polish side to ensure ownership and sustainability of the programme by contributing at the programme and at the project level. The donors regard ownership of and commitment to the programme by the Polish side as very important. He asked the Focal Point for continued internal reflection and consultation with the Ministry of Health.

The Donors insisted that the programme that concern PL **Schengen cooperation and combating cross-border and organised crime, including trafficking and itinerant criminal groups** should be co-finance on the programme level. The NFP declared that would discuss this proposal with Programme Operator.

2.2 Programme overview

As regards the programme **PL13 Reducing social inequalities in health** both sides agreed that the progress on the programme preparation is not satisfactory and working relations between the Operator and its Norwegian Partner shall be improved. The Chairman of the FMC noted that the situation in the health sector is unfortunate; mistakes were done on both sides in the past. Recently personnel changes were made. The Norwegian Health Directorate is dedicated to the programme and we expect that the partnership will now work in a constructive manner. Mr Hagen underlined the importance of facilitation from the Focal Point's side as these problems were delaying both the health programmes.

As regards the programme **PL05 Funds for Non-Governmental Organisations** the Polish side underlined long-lasting process on the preparation and consultation of the call documentation for the potential Programme Operators. This stage has been taking more than three months now.

As for the last Donors' comments Mrs Wierzbicka raised an issue concerning the eligibility of applicants for the Programme Operator. According to the Regulations, "the Programme Operator shall be autonomous of national, regional and local governmental institutions. Should such an autonomous Programme Operator be unattainable, the FMC may in exceptional cases waive this requirement but only to the extent necessary". Based on this provision, the Polish side suggested opening the call for Programme Operator also for the entities dependent on governmental authorities. This would minimize the risk that the Programme Operator would not be chosen in the first round or only low quality applications would be submitted. Thanks to this there would be no need to conduct another call what in the light of necessity of submitting the programme proposal by the end of January 2013 would be extremely difficult. Mrs Wierzbicka underlined that the choice of a governmental institution would be taken into account only when none of the non-governmental unit meets the criteria established for the Programme Operator function.

Another issue raised by the Polish side, concerned the independence of assessors of the Programme Operator. The National Focal Point will launch a call for appraising experts during the call for the

Programme Operator. The aim is to provide most qualified specialists independent from institutions that are involved in the Operator's selection process. However, according to information given by the Donors's side, they wish to point out one expert by. This would be in contradiction with assuring the independence of the selection process conducted by the Selection Committee where the Donors will have its representative. In such situation, Mrs. Wierzbicka proposed that the expert nominated by the FMO should take part in the open call. The Donors stated that they would analyze the issue again. A speedy process of finalization of the tender documents for the PL05 'NGO' programme will be ensured by the Donors. The donors do not support the possibility for governmental applicants to apply at this stage. This could influence the selection process and would give a wrong signal.

Donor side confirmed its position about including **the Council of Europe** into the implementation of the following programmes: PL14 *Domestic and Gender-based Violence* and PL15 *Schengen cooperation and combating cross-border and organised crime, including trafficking and itinerant criminal groups*. Regarding PL08 'Gender' the Donors underlined the importance of including the Council of Europe in the programme. A joint project with the Council of Europe based on the priorities of the PO and the inputs from the Council of Europe is to be developed. The agreement reached at the meeting on 23rd May on the main focus of the cooperation suggested by the Council of Europe in their latest proposal is appreciated by the Donors.

Equally for PL15 'Schengen' the Donors underlined that the pre-defined project with the Council of Europe is to be of a certain size and impact. A date for a planning meeting between the Council of Europe and the PO should be agreed a.s.a.p. The Polish side confirmed the role of Council of Europe in the areas and pointed out that some arrangements were on track.

Programmes currently under appraisal are expected to be approved by end of June with the exception of the CCS, health, Schengen and the gender programmes, which face delays due to their complexity or the issue of the involvement of the Council of Europe in a pre-defined project.

The Donor side informed that as regards **PL02 Protection of the biological diversity and ecosystems** and **PL03 Improving environmental monitoring and inspection** decisions should be taken at the end of June 2012.

Collaboration with KLIF under PL03 'Environmental monitoring' is good and expected to continue well; an appraisal meeting is planned for 12th June.

Under PL04 'Energy efficiency' the PO has proposed to set aside only 1% for the bilateral fund, which is not acceptable to the Donors. The Donors asked for elaboration of a proposal for the use of the funds within a reasonable deadline. The Norwegian Water Resources and Energy Directorate is willing to discuss possible initiatives with the PO.

A project with the Norwegian Directorate for Cultural Heritage is to be developed under the bilateral fund for the PL08 'Cultural heritage' programme. The Focal Point noted that the Ministry of Culture will ensure the minimum 5% threshold for projects from the Jewish minority under the Cultural Heritage programme. A separate small grant scheme is not foreseen as previous experience showed that these projects are usually large infrastructure projects. The donors expect that the total amount for minorities will be higher than 5 %. The Focal Point expects the programme to be approved by the end of June.

The Donors side informed the NFP about the involvement of PricewaterhouseCoopers (PWC) in the ongoing programme appraisal of the **Programme for supporting the development and widespread use of CCS technology in Poland (PL11)**. Mr Steinar Hagen stressed the importance of the PA20 'CCS' programme for Norway. He pointed out that Minister Pawlak confirmed Poland's interest in the CCS project during a meeting with Minister Støre in the framework of the State visit in May 2012. First feedback from PWC is expected at the end of June. PO and Gassnova should start working on the use of the bilateral fund on programme level. As regards the screening of the programme by the European Commission, the Donors informed that so far no information was received.

As for the programme **PL16 Judicial capacity-building and cooperation / Improvement of the efficiency of justice**, the Donors informed that the external appraisal is ongoing. As soon as the FMO

receives the report, it will prepare its recommendation to Donors which is planned for the mid of June 2012.

As far as the programme **PL17 Correctional services including non-custodial sanctions** is concerned, the Donors informed that there were going final arrangements on the shape of the programme and the completion of the assessment is scheduled for July 2012. The Polish side asked for speeding up the evaluation process, as in its opinion the programme was very well prepared by the Polish side and there were only tiny obstacles rather than serious problems going on.

3. Status of the progress on the national implementation set-up

At this point the issue concerning the programme implementation agreement was discussed. The Polish side informed that the template of such agreement was forwarded to the FMO. Mrs Wierzbicka asked the Donor states to refer to the proposed template; underlying that adoption of such a template would accelerate the process of concluding the programme agreements. The Donors reiterated their request for programme specific Programme Implementation Agreements to be sent to the FMO for review.

The Chairman of the FMC noted that the Focal Point submitted a description of the management and control system. The FMC will assess if Poland has complied with provision of the Regulation.

4. Risk management

The Donors underlined the importance of risk management at all levels and pointed to particular risks seen in selected programmes such as CCS, health and Schengen. The Chairman of the FMC noted that given the track record of the Focal Point, efficient implementation of the grants is expected in Poland. However, there are some challenges, in particular in respect of the new features of the 2009-14 grants, such as results-based management and the overall objective of bilateral relations.

The Donors informed the Focal Point that the FMO is preparing a risk management strategy. Further information will be provided on this project in June. The seminar on risk management and good governance in Sofia on 10/11 September will be an important milestone in discussing potential ways forward.

5. Publicity and communication

At this point the following issues were discussed:

Communication Strategy – the NFP informed the Donors that the Communication Strategy was forwarded to Donors before the Annual Meeting. Donor side stated that they would refer to the submitted document as soon as possible in order to finalise the adoption the document.

Launching event – the Donors side underlined the need for organising the opening event for the Financial Mechanisms 2009 – 2014 which would involve key stakeholders, media etc. The Donors recommended keeping in contact with the FMO and the Norwegian Embassy in Warsaw on this issue. The Polish side informed about plans to organise the launching event in the autumn 2012.

EEA FM and NFM website – the Donors side suggested several improvements of the websites such as updating an English version of the website, setting up the complaint mechanism and making the website an interesting information and communication portal with the use of social media. The Donors side recommended communication with the FMO on this issue. The Polish side informed the Donors about its plans for launching a new Polish-English website in the autumn 2012. The Donors suggested finding an attractive terminology in Polish of 'EEA grants/Norway grants'.

6. Bilateral Fund at National Level/Workplan

The discussion started with the question from the Polish side concerning the submitted Work Plan (brief description of the proposed activities to be undertaken under the Fund) for FMO's approval. The Work Plan was submitted at the beginning of 2012 - according with the provisions of the Fund agreement. Since then the NFP side was not informed on the progress in the adoption of the document.

In response, Mr. Hagen, the Deputy Director General at the Norwegian Ministry of Foreign Affairs stated that the Bilateral Fund at National Level was a new fund which did not exist in the previous phase of the Financial Mechanisms. Therefore, at the time of submitting the Work Plan by the Polish side, the Fund guidelines were not developed yet.

Mr Hagen presented general assumptions of the new guidelines which were adopted by Donors on the 29th of March 2012. It was underlined that since the bilateral fund at national level in Poland is of considerable size, it is suggested to identify 3-4 priority issues for implementation. The bilateral coordinator of the FMO reminded to have stakeholders involved on both sides. Moreover, synergies with the programme-level bilateral funds need to be considered.

Furthermore, the Donors suggested the following priorities to be considered: 1) Norwegian-Polish regional year 2014; 2) Work migration - Poles in Norway (looking into possible interest from Polish Embassy in Oslo for cooperation); 3) Cooperation with Iceland in the field of renewable energy (geothermal resources), cultural heritage and exchange as well as gender.

In response, the Polish side stated that the new concept of implementation of the Fund at this stage might be a bit problematic in the light of the budgeting process on the Polish side. As expenses within the Financial Mechanisms are incurred at first from the Polish budget and only subsequently reimbursed from the FM funds, the activities within the Fund must be planned very far in advance. The beneficiaries of the Fund in the 2011 reserved some resources in the Polish budget. Due to the lack of the feedback from the FMO on the Work Plan the planned funds could not be used in 2012. Moreover, the budgetary planning for 2013 starts in the mid of 2012.

The following priorities were discussed to be implemented under the bilateral fund: 1) conference on human trafficking in human beings in 2013 with a regional perspective; 2) depending on capacity of the PO: environment conference in framework of the *Poleko* fair in Poznan in November 2013. The Polish side stated that it would consult with the Ministry of Environment and the Ministry of Interior the possibility of organising these events.

As regards the priority issues / areas of bilateral cooperation financed by the Fund, the Donor side informed that they would provide the Polish side with information in writing on the areas of special interests to Donors. The Polish side stated that after receiving the Donors' proposal it would start consultations with particular Operators on the possibility of organising particular projects in cooperation with the Donors' entities.

Donor side also stated that it would refer to the submitted Work Plan at the end of the week following the Annual Meeting. This will include approval of the information system for the Ministry of Culture. As regards the proposals from the Ministry of Interior Mr Hagen proposed to implement these activities under the programme level bilateral funds.

Dissenting views

2. Status of programme preparation (including co-financing, programme overview)

2.2 Programme overview

In the opinion of the NFP the allocation of the predefined projects under PL14 *Domestic and Gender-based Violence* and PL15 *Schengen cooperation...* programmes were not discussed. According to the Donor side, the allocation of both projects in the amount to EUR 500 000 was mentioned.