

## 2<sup>nd</sup> Annual Meeting

### EEA AND NORWEGIAN FINANCIAL MECHANISMS

2014 - 2021

ROMANIA

Oslo, 29 May 2019

Minutes

#### Opening

The meeting was opened by the Donors' representative, Mrs. Pia Gjesme Holm, welcoming the Romanian representatives in Oslo and stating the purpose of the meeting, of taking stock of the achievements made in the last year and the substantial progress made in Romania in the implementation of the EEA and Norway Grants. The discussions will also relate to any challenges faced in implementation, financial and audit aspects - the EBOA audit and the recent End Review, as well as the remaining work on closure of the 2009-14 FMs.

The representative of Iceland, Ms. Marta Jónsdóttir, thanked the Romanian Government for the 2009-2014 period of the EEA Grants, where Icelandic institutions and organizations participated as partners in a number of Programmes and projects. The 2014-2021 programming period also looks promising for continuing this cooperation and it is good to see the progress made. Iceland welcomes the work plan of the Fund for Bilateral Relations and considers it to be an important additional tool to the programmes, which will contribute considerably to the development of bilateral relations with Romania in areas where Iceland can contribute by sharing its experience, such as gender equality, culture, green energy and good governance.

The NFP representative, Ms. Mihaela Terchilă, continued with the opening statement, thanking for the welcome and stating that the meeting will focus on presenting the progress achieved in the 2014-2021 Programmes and not on technical details, as well as aiming to set a timeline for the closure of the 2009-2014 period.

#### *Closure of 2009-2014 Programmes (timeframe and lessons learned)*

With regard to the closure of 2009-2014 programmes, the NFP representative mentioned that 12 Programmes of the 22 implemented have been closed, with debit notes being issued by the Donors. A clear timeframe for the closure of the remaining 10 Programmes needs to be set, considering that this process was started approximately 2 years ago. The results and absorption have been achieved but the conclusion of Programmes is pending. The status of some Final Programme Reports, such as for Programmes RO20 – Internal Affairs, RO24 – Judicial Capacity Building, RO12 and RO13 – Culture, is unclear, as the POs did not receive any updates on their approval process. Also, Programmes RO09 – NGO Fund and RO25 – Poverty alleviation have not been closed and the NFP does not have information on their status.

The representative of the Certifying Authority, Mrs. Lucica Tarara, made a presentation of the conclusion of the 09-14 period, pointing out that all efforts were undertaken for ensuring a smooth closure process, but some delays were registered in the submission of closure documents by POs as well as some misunderstandings regarding the elaboration of the final reports. Thus, for some Programmes the closure process was not a success. However, the results of the Programmes are real and a major contribution to this was the decision to grant an extension of the eligibility period. There were 66 cases of irregularities reported and the total amount affected represented approximately 1% of the allocation, which reflects a very good image for the EEA and Norway Grants programmes. The majority of the irregularities were caused by errors in the application of public procurement rules and the misinterpretation of eligibility of staff costs, which is similar to the European Structural Funds, as rules governing these issues are open to interpretations. In terms of amounts certified, the programmes with

the best results were Research (94%), Culture (91%), Health (91%) and Children and Youth at Risk (88%), while the best partners in terms of quality of implementation documentation were the POs for Capacity Building, Culture, Scholarships and Internal Affairs Programmes.

The representative of the Audit Authority, Mrs. Mioara Diaconescu, mentioned that the AA intends to issue the closure declaration by the end of June. The Health Programme was the most problematic in terms of final audit, due to lack of dedicated staff for closure and deficiencies in the audit trail. However, technically, the Programme showed very good results. The experience will be used as lessons learnt for the 14-21 next period. The outstanding final audit reports for the Health (RO19) and Environment Programmes (RO02 and RO04) are finalized and will be approved soon.

The Donors' representative replied that the Donors and FMO aim to close the programmes and the 09-14 Financial Mechanisms as soon as possible. The major reason for which not all programmes have been closed are open irregularities. Moreover, new irregularities were opened following the final audits. As mentioned at the previous Annual Meeting, before the final programme reports can be approved, all irregularity cases will have to be closed. There are currently 4 cases reported as suspicion of fraud - 3 under the Cultural Programmes and 1 under the Hazardous Substances Programme.

Another issue was related to the quality of the final reports and inconsistencies between the Programme reports and the project descriptions. The targets related to Roma integration were not achieved in 2-3 Programmes, even if the challenges related to reporting on these can be acknowledged. Roma integration remains a high priority for the Donors.

Mr. Árni Páll Árnason, Deputy Director of the FMO, pointed out that the closure procedures and teams within the FMO has been revised and the Country Officer was designated to coordinate it.

Mr. Zsolt Toszegi, FMO country officer, added that 31 irregularity cases in 7 Programmes are currently open and need to be clarified and closed. The RO09 – NGO Fund Programme is approaching closure. Following the verifications conducted by the AA during 2018, some expenditures related to salaries were found incorrect and need to be remedied.

The representative of the NFP mentioned that in order to avoid such problems in the future, more guidance is needed from the FMO with regard to the interpretation of the eligibility rules on salaries, mentioning also that donor project partners in the 14-21 Health Programme have asked for such guidelines from the NFP. The AA also emphasized the need for more guidance, concerning the interpretation of the Regulation regarding proof of expenditure for Donor entities referring to "competent officers".

Regarding Programme RO03 and the related un-completed predefined project on mapping (LAKI II), the NFP representative declared that this Programme will need to be closed in order to proceed with the Programme Agreement on the 14-21 Environment period, considering the 5 million euro allocation for the continuation of this project.

Mr. Zsolt Toszegi presented some conclusions of the End Review, which will be shared with the Focal Points in the near future EBOA Audit. Both the EBOA Audit and the End Review point towards similar conclusions on certain aspects of the implementation of the 2009-14 EEA and Norway Grants in Romania. Most of the planned results were reached (cohesion and bilateral), however there is a great variation of the absorption rate between different Programmes. The reasons for this are linked to certain national practices like procurement or state aid and lack of unified and balanced practices for Programme management, control and audits at national and PO levels. PO's internal organisation and remuneration system and the changes in the government structures negatively impacted the implementation.

These concerns were addressed when setting up the new mechanisms and Programmes in Romania, the Donors and the Romanian national authorities implemented measures in order to address the risks, - fewer programmes, experienced POs were chosen when possible, extensive programme preparation work carried out, guidance and guidelines to the POs were issued. This was done also with the aim of putting in practice the lessons learned from the planning and implementation of the 09-14 programmes.

The End Review points out some positive aspects of the implementation of the EEA and Norway Grants in Romania, for example the complementarity between the Grants and EU funded projects in the judicial sector and the Roma Inclusion measures.

#### *Financial Mechanisms 2014-2021*

The NFP representative opened the discussion on the 2014-2021 Financial Mechanisms, with an overview of the progress achieved in the last year, pointing out that the new financing period had a good start, with open calls amounting to approx. 130 million euros launched under the Education, Research, Local Development, Energy, Innovation and Culture Programmes and projects contracted of approx. 50 million euros. More open calls are on track on be launched and predefined projects are in the final stages of preparation and contracting. The bilateral fund allocated at programme level has registered a good level of implementation, while at national level it is quite limited. In this respect, some changes to the approach of the fund might be proposed by the NFP in the future, in order to provide more resources where the funds are needed.

The Donors' representative noted the very good development achieved since last year, with the number of launched calls and the signed project contracts being a good indication of this progress. There are hopes that the on-going calls will result in innovative projects, which could be visited during the next Annual Meeting. The Donors are also aware of certain issues and risks at this stage of implementation.

The status of each programme was discussed, as presented below:

#### Innovation

The programme is on track and progressing well and the open call conducted received a lot of interest with high quality applications received. An issue needing attention is the low number of applications under the Blue Growth focus area. FMO and Innovation Norway will follow up on how to address this situation, such as information seminars with stakeholders to be organized by the PO.

#### Research

The programme has a good level of implementation and the PO is experienced and competent. The Donors were pleased to see the big interest in the first call for proposals from the Romanian and DS research sector (276 applications for the first call and as many as 337 DS institutions involved in the applications together with their Romanian counterparts). A notable project selected under the call involves the Kavli Institute for Systems Neuroscience at NTNU, headed by the Nobel prize winners (May-Britt Moser and Edvard Ingjald Moser) with the National University of Theatre and Film in Bucharest on related to the care of Alzheimer's Disease patients, which is expected to ensure high international visibility for the Grants.

#### Education

The programme is well underway. There is good bilateral interest in the projects and there are strong Roma-related projects funded.

It will be interesting to see results of the second round of calls and whether there will be even more interest than in the first call, now that the sector is aware of the programme and the available funding opportunities. Synergies should be sought with the project selected under the Roma component of the Research programme, which addresses early education (literacy) in Roma children.

#### Health

Some progress has been achieved so far but there is concern about the PO's capacity, the complexity of the programme and delays in finalising the predefined projects and launching the calls.

The PO represents a weak point for this programme, but it should be further supported for the projects implemented and the Promoters and partners involved. The level of involvement of the donor programme partners is very constructive and is providing much needed guidance and support to the PO.

It was pointed out that the AA audit mission concerning the management and control system at PO level was not yet launched, since the closure of the previous programme was so much delayed. The AA will take into consideration the experience of the closure of the RO19 programme and keep track of the perceived deficiencies or concerns in due time. The FMO is considering monitoring this programme later this year, to look into the implementation of the PO's capacity plan and the overall progress.

#### Local Development

The implementation of the programme is advanced and there is good bilateral interest in the projects, as well as high level of interest from potential project promoters for the calls that have already been launched. The FMO has received information from potential applicants on the PO's overly complex application procedures under the calls. However, no concrete information was provided in order to be followed-up.

#### Energy

The programme is progressing well and have received a high number of applications on the calls that have been launched. There is a very good collaboration between Romanian and Donor States counterparts with a number of exchanges and sharing of experience.

Delays are registered in the development of the predefined project included in the programme, as up to now no information has been provided.

#### Culture

There is progress achieved in the programme, but there are delays in launching some open calls, which are mostly due to state aid issues. Cultural heritage projects are complex and the PO needs to allocate sufficient resources to the evaluation and contracting process. The bilateral interest is very good and Romania will host the Culture POs' meeting in September. More progress on launching the specific calls concerning Roma inclusion is needed.

#### Environment

The Donors consider that this programme needs to move forward and in compliance to the provisions of the MoU and support from the NFP is needed in order to advance with the programme agreement. There was slow progress on finalising the programme preparation phase, the Donors consider that there are no new circumstances that would justify a cancelation of this programme. The NFP considers that this programme does not have a sufficient level of quality and the implementation will be problematic. Additional monitoring from the FMO, as in the case of the Health programme, will be needed. The annexes to the PA received had a lot of shortcomings and inconsistencies with the concept note. The capacity of the PO is also a big risk to this programme. It was agreed to organize as soon as possible a tripartite working meeting between FMO, NFP and PO in order to clarify the issues and finalize the annexes to the PA.

#### Active Citizens

The Active Citizens Fund in Romania is now officially in implementation. The Programme Implementation Agreement was signed on 16 May and the Fund Operator plans to launch the programme on 3 June in Bucharest. The launch of the programme will be followed by the programme's first large civil society event: The International Civil Society Forum on 4 June, supported by the Romanian President, who will open the Forum.

The Fund Operator plans to launch the first round of calls this autumn. The programme will have two main rounds of calls, the second planned for 2020. As in the previous mechanism, the NFP will be informed of the project selection process in due time and invited to the selection committee meetings as observers. The Financial Mechanism Office will continue to work closely with the Fund Operator throughout implementation.

## Justice

The implementation of the Justice Programme is also well underway. The Donors pointed out the importance of the programme in contributing to the horizontal concern of Roma inclusion and the importance of including this priority in the design of the projects.

## Home Affairs

The progress achieved so far is good but more is needed in what concerns the remaining two pre-defined projects, the small grant schemes and the bilateral fund.

## EEA and Norway Grants Fund for Youth Employment and Fund for Regional Cooperation

The Romanian entities in the Fund for Youth Employment have so far been stable project partners, and progress is satisfactory. Romanian entities are active as applicants in the Fund for Regional Cooperation. The implementation of the Fund is delayed due to an unexpected high number of applications.

## Roma Inclusion

The Donors' representative emphasized the importance of the Roma targets. The Roma plan submitted by the NFP is considered quite vague and would benefit from further discussion with the support of FMO concerning how to follow up on the implementation of the 10% target across the programmes. The FMO will elaborate a "Roma action plan" which will be circulated with the NFP.

The donors propose to include Roma roundtable discussions in the Roma plan, following the practice established in 09-14 mechanisms. However, it was pointed out that the measures targeting Roma have already been established in the programme (dedicated open calls or measures in predefined projects). Thus, the impact and relevance of such roundtables at this time in the implementation is doubtful.

The Donors emphasized the expected impact of the Local Development and Civil Society programmes to deliver good results in terms of poverty reduction and Roma inclusion.

Searching for synergies between programmes to benefit the Roma community is also encouraged, for example, employment measures for Roma under the Local Development programme may be linked measure of reintegration of Roma leaving the correctional system under the Justice Programme.

## Midterm review

The FMO clarified that according to the Regulation the mid-term review on the progress made in implementing the Grants is to be carried out by 31 December 2020. As part of the review, the status of implementation and results achieved will be assessed. The FMO will circulate a template to support the review later in 2019/early 2020.

The assessment shall form the basis for discussing reallocation between the programmes and the allocation of the reserve in 2020. Final decisions on the allocation of the reserve and, where agreed, reallocations between programmes, can take place in the first half of 2021. This however depends on each country.

## Management and control system descriptions

The FMO reminded about the obligation to submit and approve programme level management and control system descriptions within the limits mentioned in Regulation and the need to inform the FMO. An updated audit opinion on the national MCS is also needed as soon as possible.

The FMO intends to provide training related to monitoring, reporting, risk assessments and surveys for all Programme Operators and specific timing to hold such trainings need to be agreed as soon as possible. The Donors also highlighted the importance of providing accurate figures and avoid over forecasting.

## Bilateral Initiatives, JCBF, Bilateral Fund

Several successful initiatives were successfully implemented, including events under the Romanian Presidency of the European Council. The NFP's flexibility for accommodating the Donor proposals and the constructive involvement of the Romanian Ministry of Foreign Affairs in the work of the JCBF were noted.

At the same time there is a need to move ahead with the rest of the initiatives identified and agreed in the Work Plan. The NFP was encouraged to support the promoters of the proposed bilateral initiatives (especially those that have already been included in the Work Plan) in elaborating their initiatives in line with the rules and objectives of the Bilateral Fund.

The NFP responded that more high-quality applications under the national bilateral fund are needed. However, the NFP did provide input and guidance to improve and adjust the applications received. Considering the JCBF's role of ultimately deciding on approving the initiatives, the NFP considered necessary to submit the applications received for the analysis of the Committee.

It was also noted that a very good level of progress in the use of the bilateral funds is registered at the level of programmes, with Justice, Culture, Research, Education, Innovation being among the highest.

Related to additional bilateral funds allocated to programmes, it was mentioned that 2 programmes have already requested additional funding and more are expected to do so in the future. While all programmes have the possibility to request such additional funding, it is expected that the JCBF assesses the requests based on the needs of the respective programme, the extent to which the already allocated funds have been used and the justification of the proposed additional bilateral initiatives, on a case by case basis. The JCBF may also consider whether a specific proposed initiative is most efficiently implemented at programme or national level.

The NFP also pointed out that the functioning of the JCBF was in general good, but the procedure for accessing the national bilateral fund is not very transparent and consistent, and budgets proposed and types of expenditure are difficult to assess in a consistent manner. More guidance from the FMO in this respect would be needed and the NFP's comments and concerns should be addressed.

The representative of the Norwegian Embassy, Mrs. Grete Ødegaard, communicated the need to organise a meeting of the JCBF in autumn in order to review the current Work Plan and that improved communication with POs on the use and accessing of the bilateral fund is needed.

The representative of Iceland, Ms. Marta Jónsdóttir, informed that Iceland intends to present proposals to be financed from the Bilateral Fund. Also, it would be good, if possible, to coordinate the next JCBF meeting with the visit to Romania of the new Icelandic Ambassador, to take place in the autumn.

## Communication and Publicity

The good communication work carried out so far was emphasized, including the development of the new website. More involvement of the media in the communication activities is recommended.

The 25 years anniversary of the EEA Agreement is celebrated this year and the Donors are encouraging to incorporate some activities marking this milestone in relevant communication activities. The anniversary was communicated by the RO NFP on the dedicated Facebook page.

## Draft Strategic Report 2018

Several observations on the draft strategic report were communicated:

- the report does not provide an assessment of the social, economic and political developments relevant to each programme and the grants,
- the chapter on status of programmes should be more elaborated with information on the status of each programme,

- the report should be more analytical and provide an evaluation on the progress made toward achieving the set plans and objectives (e.g. progress with the calls and predefined projects and bilateral initiatives, selection process, type of selected projects, etc.).
- an updated timeline for the calls is necessary, as well as an overview of changes in the legislative framework having an impact on the Grants (procurement, remuneration and wages).
- the report does not include any information on the planned evaluations and on the NFP plans to approach the 2020 mid-term review with the view of the reallocation between the programmes and of the allocation of the reserve.

A revised strategic report in line with these comments shall be resubmitted to the Donors within a month. The FMO will follow-up on the comments and approval of the SR.

## ANNEX I

### List of Participants

#### Ministry of European Funds – National Focal Point

1. Mihaela Terchilă, Ministry of European Funds, General Director
2. Diana Duma, Ministry of European Funds, Deputy General Director

#### Donor States

1. Pia Gjesme Holm, Norwegian Ministry of Foreign Affairs, Assistant Director General
2. Ingjerd Haugen, Norwegian Ministry of Foreign Affairs, Senior Adviser
3. Marta Jónsdóttir, Embassy of Iceland in Copenhagen, Deputy Head of Mission

#### Norwegian Embassy Bucharest

1. Grete Kristine Ødegaard, Counsellor
2. Liliana Vasilescu, EEA and Norway Grants Officer

#### Financial Mechanism Office

1. Árni Páll Árnason, Deputy Director, Head of Country and Bilateral Cooperation Department
2. Tori Hoven, Head of Programmes Department
3. Zsolt Tószegi, Senior Country Officer

#### Certifying and Paying Authority

1. Lucica Tarara, Certifying and Paying Authority, General Director
2. Eladia Prandea, Certifying and Paying Authority, Deputy General Director
3. Carmen Ionel, Certifying and Paying Authority, Head of Unit

#### Audit Authority

1. Mioara Diaconescu, Central Harmonisation Unit for Public Internal Audit, Director
2. Costin Piuaru, Central Harmonisation Unit for Public Internal Audit, Head of Unit
3. Lucica Oncea, Central Harmonisation Unit for Public Internal Audit, Auditor