

Strategic Report 2023
EEA and Norwegian Financial Mechanism
Romania

1. Executive summary

As we enter the final year of expenditure eligibility, the Programmes focused on the implementation of projects, payments, verifications, monitoring and audits. The selection and contracting process was largely finalized by the beginning of 2022, now reaching 96% of the budget (with only two small open calls under contacting).

An amount of €454,270,247 was contracted, with 316 projects reported as finalized, the majority in the Education and Active Citizens Fund programmes. As a relevant indicator of progress, the rate of disbursement to projects has reached 47% overall (56% for the Programmes managed by Romania), with a rate of expenditure incurred at the level of projects and authorized by POs relatively low (20% of the available budget).

The Research, Education and Local Development programmes are the most advanced, with no apparent risks related to the timely completion of projects and achievement of results. To a large extent, this situation is due to the professional approach of the POs, who took timely management measures to the benefit of the projects during the pandemic period and after. The Home Affairs programme is also set to be positively concluded, as the projects have succeeded in recovering pandemic-related delays and are reporting progress in the fulfilment of their activities. The component of the Culture Programme supporting cultural entrepreneurship and audience development also achieved good progress, with set targets attained for most expected results.

Due to the end of COVID related restrictions, the implementation of the Bilateral Fund progressed significantly, with many activities undertaken, both at national and programme level, with 80% contracting rate and 40% rate of incurred expenditure.

However, the effects of the pandemic continued to be felt, as the postponement certain activities led to an overall lower-than-expected rate of expenditure at project level and the need for modifications and extensions of time. Since the beginning of 2022, new challenges emerged - the war in Ukraine, the ensuing refugee and security crisis, the energy and inflation crises, have generated circumstances that have negatively affected not only Romania's socio-economic situation in general, but also the implementation of Programmes and projects.

Measures have been taken in order to mitigate the recurring challenges, such as Programme modifications, reallocation of funds between components/Programmes, adapting activities in projects, as well as flexibility measures provided by the Donors to allow more timely management decisions for Programme Operators.

Due to the efficient collaboration between Donor and Romanian authorities in making the necessary regulatory changes, approx. €3 mil. in total were directed to supporting Ukrainian refugees in Romania, under the Bilateral Fund and the Active Citizens Fund.

The implementation of projects with infrastructure components and large budget allocations in Programmes such as RO-Justice (correctional services) and RO-Culture (cultural heritage restoration) incurred significant delays, due to challenges in the procurement of works, price increases in the construction market and budget gaps. They are facing major risks of non-completion within the eligibility deadline.

Thus, an issue to discuss for the Annual Meeting is the reassessment of Romania's, and other beneficiary states', request for the extension of the eligibility period, in order to safeguard the progress achieved so far and efforts made by the people involved at all levels. Also, the delays already accumulated in the

setting-up of the next period of the Grants are jeopardizing the sustainability of the management and control system structures set-up at the level of the beneficiary states.

2. Country developments and effects of the Grants

The invasion of Ukraine and the ensuing refugee, energy and security crisis generated critical challenges for the Romanian society. Even if, according to the World Bank, the Romanian economy performed better than expected, growing at 5.8 percent in the first half of 2022, the COVID-19 pandemic and the war in Ukraine have exposed structural vulnerabilities in the economy.

Poverty increased significantly during COVID years, especially among vulnerable communities such as the Roma and widened gaps in healthcare, education, employment and social protection. In 2022, Romania considered rising prices, inflation, and the cost of living to be among the most important issues the country was facing. As of January 2023, Romania had an inflation rate of 13.4 percent, higher than the EU average.

EEA and Norway Grants projects targeting poverty reduction, children and youth at risk, interventions in public health, education, etc. have made important contributions to alleviating these issues at local level and reached the most vulnerable.

Price increases in the construction sector was a significant factor negatively impacting the EEA and Norway Grants projects with investment components. This caused major delays in procurements which translate in great risk of non-completion.

However, the Programmes are continuing to progress towards the defined outcomes and outputs, which will contribute to the objective of reducing social and economic disparities, through interventions in social inclusion, poverty reduction, culture, civil society, education and health, and, justice, good governance and home affairs, as well as innovation, research, renewable energy, environment protection. The measures funded in all these sectors were designed in accordance to the Blue Book and the MoU and are deemed to deliver benefits on a local communities' level, but also on a larger scale, through larger, strategic projects.

Regarding strengthening bilateral relations with the donor states, during 2022, the bilateral components in projects started to get back on track after the end of restrictions imposed by the pandemic. A significant improvement of the activity was also possible within the Fund for Bilateral Relations, as well as bilateral activities in donor partnership projects.

Approx. 282 projects with at least one donor partner of a total number of 722 have been funded in all the Programmes, less the Active Citizens Fund (for which the NFP does not have access to data). Donor partnership projects in all areas, which are deemed to continue to provide strong bilateral effects at project level. The cooperation with Donor programme and project partners was enhanced, as face-to-face meetings and collaboration could be resumed.

A few examples of excellent bilateral cooperation are described below:

The project is under RO-Culture - *Theatre, a new normality* #REINVENT (RO-CULTURE-0044), implemented by the Nottara Theatre in partnership with Artepunkt Skandinavia from Norway. Romanian actors, coordinated by the Norwegian director, played in theatre pieces that combine the cultural heritage of Romania and Norway in an innovative manner. One of the most successful plays, very appreciated by the public, was an adaptation of the "Pillars of Society" by Henrik Ibsen. In 2023 the same theatrical performances are planned to be carried out in Oslo as well.

Another project "Transilvanian Moviepreneurs" (RO-CULTURE-0020), implemented by Civitas Foundation for Civil Society in partnership with Projects ehf. from Iceland, lead to impressive results obtained through bilateral cooperation, offering young professionals in the creative industries entrepreneurial skills and knowledge. A job shadowing component, which involved one study trip to Iceland, represented a great opportunity for the participants to learn and share knowledge and good practice relevant for the cultural sector.

Within the Home Affairs programme, the project donor partnership project “Strengthened police capacity to investigate cross border, organized and financial crimes” between the Romanian and Norwegian police made significant progress. The joint operational missions (deployments) for investigating the criminal networks activities through police cooperation between Norwegian and Romanian have started and 8 deployments were made in Norway (4 within the Oslo PD and 4 within the SW PD - in the field of organized crime - human trafficking) and 2 in Romania.

In the frame of the IDEAR project (RO-Research), the University of Craiova and SINTEF Norway are collaborating to aims to develop an advanced prototype of a medical software and robotic platform for Improving cancer diagnostics.

Status of programmes

The status of implementation varies between Programmes. Overall, contracting was finalized by mid-2022 and financial implementation has progressed significantly, the rate of payments to projects reaching 47% of the budget (€241,702,952), 43% of this amount being authorized as incurred at the level of projects (€103,053,982).

The Research, Education, Local Development and Home Affairs programmes are the most advanced, with no visible risks related to the timely completion of projects and achievement of results.

On the other hand, projects with significant infrastructure components and budgetary allocation under RO-Justice, RO-Culture and RO-Environment are facing significant risks, mostly generated by delays in procurement at project-level or in the selection process (in the case of RO-Environment). Promoters had difficulties in securing works contracts, as there is a general lack of supply on the construction market, having to re-tender several times. Such accumulated delays proved difficult to recover and are now translated in increased likelihood of non-completion by the April 2024 deadline.

The low capacity of the RO-Health Programme Operator continues to represent a risk, with delays registered in the fulfilment of tasks related to verification of expenditure and procurements in projects and related reporting.

The MoU special concerns and/or conditions were taken under consideration and implemented in the process of development of the Programmes and Programme Agreements and are being monitored as such. No deviations have been registered.

RO-Education

The Programme reached a very good level of progress, with 123 projects of the 219 contracted already finalized and no observable risks affecting its completion. The financial status is advanced, with 81% of the regranting budget paid to projects and 35% authorized as incurred at the level of projects.

The last call for Mobility in Higher Education projects was conducted, as scheduled in the Programme Agreement, in autumn 2022. The call budget included amounts unspent under the mobility projects due to the pandemic, a measure for improving the absorption of available funds. Thus, except for outcome 1 - Mobility in Higher Education (affected by the pandemic), all the targets related to the indicators were achieved and over-achieved in many cases.

The bilateral funds are also registering a good level of implementation, with a rate of absorption of 84%. They financed 26 preparatory visits, a contact seminar and 2 follow up activities for the experts participating in outcome 3, a learning package addressed to the VET field practitioners: 3 webinars delivered by Norwegian experts, followed by a study visit in Norway for a delegation of 18 VET professionals. The Programme received €62,000 additional funds through an expression of interest approved in March 2022, for organizing a bilateral event. The programme is the 1st one to be closed.

RO-Research

The Programme is progressing very well towards its objectives, with no apparent risks or deviations affecting its completion. Considering the disruptions caused by the pandemic, some projects requested and were granted extensions of implementation time, but are due to be completed within the eligibility

period. The level of achievement of the results framework is also positive, with the mid-term scientific review having positive results.

The financial implementation status also reflects the good progress, with 91% of the regranting budget paid to projects and 41% authorized as incurred. An amount of €397,000 unallocated as a result of the contracting process (less than 1% of the budget) will be reallocated within the Programme. The methodology will be decided in the Cooperation Committee Meeting of May 2023.

The bilateral fund has a very good rate of implementation – the programme received additional funds through expressions of interest, thus managing a total budget of €858,582 of which €603,586 have been spent. In April 2022, the PO allocated €89,610 from the bilateral fund to support Ukrainian refugees. Two universities (University “Stefan cel Mare” from Suceava and University “Dunarea de Jos” from Galati) were supported to ensure meals and accommodation costs (including utilities, cleaning and security) for 369 Ukrainian refugees. The contracts signed in April 2022 were completed in November 2022.

RO-Local Development

The Programme progressed significantly in reaching the proposed objectives and is not facing noticeable risks in terms of achievement of results.

111 projects have been signed and the contracting rate reached almost 100% of the total allocated funds, which was possible due to the flexible approach allowing the reallocation of funds between outcomes and calls. For these projects, €54.44 million (approx. 67% of the budget) have been disbursed and 35% of these have been verified and authorized.

26 projects were completed by March 2023 (most of them small projects, financed under the small grant scheme “Access to financing”), other 85 being in different stages of implementation. Out of these, 73 of the projects are expected to be finalized during 2023, with the remaining 12 to be completed by the end of April 2024.

The effects of the pandemic and the unstable socio-economic context generated challenges at projects' level, especially in targeting and providing support for the final beneficiaries and difficulties at projects' management led, in some cases, to delays in implementation and to the need for project duration extension. The restrictions caused by the pandemic resulted in postponement of some activities and thus a relatively low level of funds' disbursement. As of second part of 2022, expenses increased, creating the premises for a good absorption level.

The programme is one of the biggest in terms of use of the bilateral funds. Overall, the amount disbursed was €1,028,743, representing 61% of the total amount of the bilateral funds allocated (€1,682,418). During January 2022 – March 2023 the funds were used to implement 5 bilateral activities, 4 were training programs during which 156 persons were trained on topics such as inclusive education, democratic culture, human rights, anti-discrimination, and empowerment of minority groups, addressed to both PO and PPs, and one event was a study visit to Norway for members of the PO team (focused on good practices in the field of inclusion and empowerment of the Sámi population).

Two predefined bilateral initiatives (€330,000) aiming to provide support for Ukraine refugees have been implemented: ASSOC provided support to refugees who were at high risk of becoming victims of human trafficking and was completed in February 2023, achieving its proposed results, and Filantropia helps Ukrainians who arrive in Romania to settle more easily in the new country and covers the refugees' emergency food needs (will be completed in April 2023).

The ongoing open call for bilateral initiatives did not receive a lot of interest and the PO and DPPs will analyse in the next period the opportunity to reallocate these funds to other bilateral activities.

RO-Culture

The Programme is facing a significant risk of low achievement of results and absorption rate on the component related to the restoration of cultural monuments involving infrastructure works (representing 62% of the regranting budget).

Challenges related to the increase of prices and procurement difficulties have led to significant delays in these activities and even the cancellation of contracted projects. Out of the 12 approved and signed projects, 3 were terminated in 2022 due to various causes (ownership claim trials, incapacity of ensuring additional funds or contracting the restoration works).

After contracting two projects from the reserve list, in March and May 2022, an amount of €3.7 million remained unallocated, which will be awarded through a restrictive call to the remaining contracts to address exceptional price increases in the construction sector. Currently, the state aid scheme modification necessary was drafted and is under public consultation, with the restricted call foreseen to be launched in the next weeks.

Also, significant risks are affecting the implementation of the 9 projects in implementation, related mainly to the lack of eligibility time, delays in procurement due to price increases and construction market disruptions.

The other components of the Programme, related to cultural entrepreneurship and Roma cultural initiatives, representing a vital source of funds for the Romanian cultural sector, have been progressing well, with 21 projects already finalized and significant results being achieved and related indicators targets achieved or exceeded.

The financial implementation status is average, with 40% of funds disbursed to projects and only 9% verified/authorized.

Under the bilateral fund, the PO launched 3 calls for bilateral initiatives for partnerships between entities from Romania and the Donor States (in 2018, 2019, 2020) and 1 call for bilateral initiatives dedicated to artistic residencies (in 2023). In addition, in September 2019 the PO organized the meeting of POs in cultural programmes financed under EEA Grants, attended by 48 representatives from 12 beneficiary states (Poland, Lithuania, Portugal, Spain, etc) and the Donor States. The incurred rate for the Bilateral Fund is 37%, with more than 160 cultural organizations from Romania and the Donor States reached and more than 330 cultural professionals involved in bilateral cooperation. In addition, in September 2022, the JCBF approved the increase of the fund with €150,000 for a predefined bilateral initiative by the PO and DPPs related to green festivals.

RO-Justice

The 4 projects on the *correctional* component, with significant investments, are affected by major risks of non-completion within the eligibility period and low level of achievement of results and absorption of funds.

The main causes are blockages in public procurement procedures, especially for works, and various concurrent factors, such as: the significant rise of the cost of constructions compared to the initial budgetary estimations, the uncertainty in the construction market caused by the instability of the prices of the materials; difficulties in identifying on the market providers having the necessary capacity and expertise to supply the specialized services required for the implementation of the projects' "soft" activities; a poor capacity of the probation project partner to deal with procurement procedures etc.

As such, in case of PDP2 - Correctional, the allocation of additional funds for building the four pilot correctional centres was resolved through reallocations within the total project budget. For PDPs 3, 4 and 8, the supplementation of funds needed for the envisaged investment objectives (i.e. building new detention places) was ensured from the state budget (app. 7.8 mil. euro), given that the current grant allocation proved to be insufficient to this end. This was also in order to remain in line with the Romania's Action Plan commitments for the implementation of the ECHR judgment.

Thus, for most of the construction sites, the procurement procedures for the execution of works were launched only in 2022 and the exact situation regarding the contracting will be available by the end of April 2023.

In order to maximize the absorption of the allocated grant, the following measures are envisaged to be taken in relation to the projects financed within Outcome 2 of the programme:

- restructuring the projects by prioritizing those components that can be completed by April 30, 2025 (i.e. deadline for submission of the final programme report) and, if needed, amending accordingly the Programme Agreement, considering as well the present priorities of the Romanian correctional system;
- for strategic objectives assumed at the national level, such as the construction of new compliant detention places, which also contribute to the execution of the ECHR's pilot judgment against Romania, funds will be provided from the state budget (i.e. of the Project Promoter) for the financing, after the eligibility deadline (i.e. April 30, 2024), of those objectives that, at the time of the submission of the final programme report (i.e. April 2025), would satisfy the requirement imposed by the Regulation for the implementation of the MFN 2014-2021 (i.e. they can demonstrate that "clearly identifiable and viable components of the project" have been completed);
- carrying out, during February – April 2023, of an assessment at the level of the programme, in order to restructure the projects and, implicitly, the programme in the sense of the above, depending on the actual progress recorded at the time, as well as the realistic perspectives of achievement under the constraints of time, funding, etc.

As regards the other components of the programme – judiciary, domestic and gender-based violence, fighting organized crime and corruption and victims' protection, the implementation of activities has progressed significantly, with a good level of achievement of results.

In terms of bilateral fund implementation, the Programme has performed very well, with relevant initiatives developed with the DPPs being implemented, a total allocated amount €679,000 (including Expressions of Interest), of which 68% has been incurred.

RO-Home Affairs

The programme and projects have faced significant challenges, but the overall rate of implementation is considered adequate.

A major cause for concern was the massive increase of prices of construction materials, fuel, equipment, energy, in the context of the current crisis - a situation that has a direct negative impact especially on the hard components of the projects (buildings and infrastructure), creating the risks of not achieving some of the indicators, or delays in the implementation of certain activities. Thus, due to market prices that are much higher than originally estimated, some public procurement procedures could not be awarded.

Another aspect influencing the implementation of the Programme is the war in Ukraine started in February 2022, which substantially affected the implementation of predefined project 1, as part of the General Immigration Inspectorate staff was deployed at the border with Ukraine in the beginning of the war.

Nevertheless, the five predefined projects have been progressing according to their schedule and any delays were generally recovered. 62% of the available budget was paid to projects (€17,152,595) of which 22% (€3,833,686) was authorized as incurred at project level.

The only major issue is related to *PDP 5 - Enhancement of nuclear safety and security in Romania*, namely the infrastructure component for the construction and equipment of the emergency, training and public information centre. The public procurement could not be awarded, due to market prices that are much higher than initially estimated. To mitigate this issue, the budget dedicated for equipping the Centre and the savings were re-allocated to the building.

A request for the amendment of the Programme Agreement for the reallocation of the budget for activities in *PDP 1 - Improving national asylum and migration system*, which became obsolete and

impossible to be implemented (awareness campaigns, studies, etc.) to the hard component of PDP5 was sent to the FMO in January 2023 and is still pending approval, representing a cause for uncertainty and risk for this project.

The Programme's Bilateral Fund registers a good level of implementation, with a 70% rate of expenditure made. Two new bilateral initiatives were jointly prepared by Donor and Romanian partners have been approved in the latest Cooperation Committee. An additional amount of €500,000 was allocated through an expression of interest to finance a bilateral Initiative for improving temporary accommodation conditions for Ukrainian refugees. The financing contract has been signed in August 2022 and the public procurement procedures are in progress.

RO-Health

The lack of capacity of the Programme Operator continues to represent a risk for ensuring the adequate management of the programme. Currently, some progress has been made in this respect, with new staff being brought in the PO structure. However, there are significant delays in the process of verification of expenditure and procurement procedures, as well as closure procedure for finalized predefined projects. The NFP has performed additional monitoring and verifications of the public procurement conducted at project level and found no irregularities.

In terms of financial progress, 33% of the budget was paid to projects and 14% of these amounts were verified/authorized by the PO.

The contracting process for the two calls conducted was finalized at the end of 2022, with the overall contracting rate reaching 95% of the budget - 12 projects have been signed under call no. 1 - "Improving access to health services especially for vulnerable groups, including Roma" and 11 projects under the Small Grant Scheme no. 2 - Providing outreach health services to improve prevention for the remote and vulnerable population (2 signed in March 2023).

The 7 predefined projects, representing 70% of the programme budget, have achieved a good level of progress and results. Project 2 - CEDICROM and project 6 - Increased performance regarding diagnosis and treatment of cancers in children, have ended their implementation, with the approval of the final reports and final balance pending.

The bilateral fund allocated to the programme has a very low level of implementation, with only 6% incurred expenditure. Thus, an amount of €187,747 remains available, with no concrete plans for their use.

RO-Environment

The programme faced significant challenges in implementation, generated by the lack of capacity of the PO and delays in conducting of the calls for proposals. By the end of 2022, the contracting process was finalized, following a process of PA modification for the reallocation of available amounts to the "hazardous substances" component and funding the related reserve list.

5 of the 15 projects (€1,808,535) targeting the adaption to climate change finalized activities in December 2022, and the rest are due to end during 2023. The 5 projects contracted on Outcome 1 - Improved ecological status in supported habitats (€3,541,277) have been progressing well and are not facing apparent risks.

The financial implementation status is average in terms of payments to projects, with a 33% rate (€7,209,088), but very low for the verification/authorisation of incurred expenditure at project level (5%).

The most significant risk affecting the programme is related to the timely completion of projects on the "hazardous substances" component (closure of waste deposits) - 6 projects of a total amount of €11,679,967, which include significant works components and were contracted at the end of 2022. The predefined project – LAKI III is also registering significant delays in finalising the main procurement, which, once completed, is also deemed to generate significant savings.

The bilateral fund under this programme has the lowest rate of implementation, with 0% used. The €150,000 allocated in the MoU remain available, with no clear plans for future use.

3. Status of bilateral funds in the Joint Committee for Bilateral Funds (JCBF)

The implementation of the fund for bilateral relations has resumed after being severely affected by the pandemic crisis due to travelling and social gathering constraints imposed in 2020-2021.

The cooperation in the JCBF continued to be optimal. A meeting of the Committee took place on 27 of October 2022, where the financial implementation status of the Bilateral Fund, predefined initiatives and the progress achieved in implementation were discussed. Furthermore, timely decisions were taken through electronic consultation on new proposals on an on-going basis, ensuring an efficient implementation of the funds.

The funds used up to now were for supporting predefined bilateral initiatives, an open call and expressions of interest from programmes, according to the approved Work Plan and decisions of the JCBF. The overall financial status of the Bilateral Fund is presented in the table below:

Budget line	Amount	Contracted		Incurred	
National level (MoU)	€ 7,400,000	€ 6,644,283	90%	€ 2,902,738	39%
NFP level (predefined and open call)	€ 4,284,450	€ 3,528,733	82%	€ 1,118,472	26%
Expressions of Interest to Programmes	€ 3,115,550	€ 3,115,550	100%	€ 1,784,266	57%
Programme level (MoU)	€ 2,650,000	€ 1,262,189	48%	€ 1,126,866	43%
TOTAL	€ 10,050,000	€ 7,906,472	79%	€ 4,029,604	40%

Overall, an amount of €1,663,844 was allocated to 11 predefined bilateral initiatives (36% of the national level allocation), of which 82% was paid out.

Four new such initiatives (totalling €904,007), have been developed and signed in 2022, targeting a diverse range of topics of bilateral interest:

- Research on the challenge of political warfare in the Covid 19 and Ukraine war context by the Norwegian Institute of International Affairs and the Romanian think tank New Strategy Centre (€362,145).
- Developing the community of investigative journalists against organized crime and corruption in Romania through cooperation between Expert Forum Association and The Norwegian Institute of Journalism (€180,937).
- Two studies (€360,925) on the potential of heat pumps, thermal energy storage and smart control systems, and sustainable biomass, for the decarbonization of the energy sector and enabling the implementation of the EU Green Deal in Romania by the Academy of Economic Studies of Bucharest with SINTEF Norway.

One predefined initiative signed in October 2021 - *Romanian–Icelandic research cooperation on democracy, memory politics and post-crisis reconstruction* (€60,000) is under implementation, due to end in May 2024. A comprehensive presentation website is available here <https://ratiucentre.com/research-cooperation/>

Two predefined initiatives were successfully finalized in 2022: *Geopolitics and Russian force projection: Arctic and Black Sea* (€296,995) and *Stronger Together* – partnership between the Romanian and Norwegian labour authorities (€300,000).

The selection of initiatives received under the open call Timișoara European Capital of Culture 2023 was finalized in March 2022. 33 initiatives have been submitted with a total budget of €2,8 mil. and 24 were

approved (€1.864.889). All the initiatives are currently under implementation. The list is published on our website: www.eeagrants.ro/files/upload-dir/694-tim23-lista-proiecte-aprobate.pdf.

For the next period, one predefined initiative is under development in the field of digitisation of national archives, to be proposed by the Norwegian and Romanian National Archives.

An important share (42%, €3,115,550) of the bilateral fund at national level (€7.4 mil.) was transferred to programmes through 19 approved Expressions of Interest for Programmes: Local Development (€1,345,968), Home Affairs (€500,000), Justice (€429,000), Research (€558,582), Culture (€220,000), and Education (€62,000). This mechanism represents a very useful tool for directing bilateral funds to relevant initiatives development by POs.

In 2022, following the start of the war in Ukraine and the Donors' decision to use the Bilateral Fund for dealing with the refugee crisis, a series of initiatives in this respect, proposed by the NFP and relevant POs were approved by the JCBF through expressions of interest:

- €500,000 for equipment improving accommodation conditions for refugees. The contract between the Ministry of Home Affairs and the General Inspectorate for Emergency Situations was signed on 08.09.2022 and the initiative is under implementation.
- Two Eols of €330,000 to finance predefined initiatives aiming to provide support for refugees from Ukraine. The financing contracts were signed with the Non-Governmental Professional Association of Social Assistance ASSOC (May 2022) and with the Filantropia Federation (August 2022). The bilateral initiative implemented by ASSOC provided support to refugees who were at high risk of becoming victims of human trafficking and was already completed in February 2023, achieving its proposed results. The bilateral initiative helps Ukrainians who arrive in Romania to settle more easily in the new country and covers the refugees' emergency food needs, and will be completed in April 2023.

Additionally, €89,610 were spent through the Research Program to provide humanitarian support for 2 partner universities in the program (Dunărea de Jos University in Galati and Ștefan cel Mare University in Suceava), respectively covering daily food and accommodation costs (utilities, cleaning services, security, etc.) for 369 refugees.

In 2022, other 3 expressions of interest were also approved by the JCBF, as follows:

- RO-Research (€50,000) for financing a predefined bilateral initiative for organizing a thematic international conference on cancer research, related to one of the 5 EU Missions in Horizon Europe.
- RO-Culture (€150,000) for financing a predefined bilateral initiative in the field of cooperation and mutual learning among cultural professionals from Romania and Norway insofar as sustainable development and green shift, as described in detail in the attached document. The initiative will be implemented by the Programme Operator – Ministry of Culture together with the 2 DPPs. Artists from Ukraine are also eligible under this call
- RO-Education (€62,000) for follow-up activities for sharing best practices among beneficiaries and stakeholders. It includes conferences in Bucharest and Oslo and study visit organised at the end of the Programme with the aim to showcase the results achieved so far through the training work promoting inclusion, as well as key lessons and best practices. The intention is to create a network to ensure the sustainability of the projects in the future years.

4. Management and implementation

a. Management and control systems (MCS)

No major changes of the management and control system were made in 2022.

However, the staffing and capacity of the NFP was affected, as, starting with August 2022 and until now, part of the staff received additional tasks or were temporarily moved to other structures of the ministry, by decision of the minister. The NFP staff received tasks related to monitoring the implementation of the

National Recovery and Resilience Plan, administrative evaluation and verification of applications within Competitiveness Programme and procurement verifications for the Regional Operational Programme.

The respective changes affected the following positions: programme officer for Health/Local Development/reporting officer for SR, the TA manager and programme officer for Environment Programme, the programme officers for Justice/Culture/Research and Civil society, programme officer for the Fund for Bilateral Relations, program officer for Education and Scholarships, Business Development and Innovation and the communication officer.

The lack of perspective/timeframe for the future programming period of the EEA and Norway grants will seriously affect the current structure of NFP. The aspect has been also raised during the NFPs Annual meeting in December 2022 by Romania and Slovakia.

b. Complaints

During the reporting period, 6 complaints were received and none confirmed following their investigation. They were related to: the method of selection of school inspectors (Ro-Education programme) – investigated by the PO and found unsubstantiated; two complaints regarding abusive and restrictive conditions of participation as a project management service provider in RO-Energy projects – analysed by the NFP and considered substantiated (conditions found to be restrictive in the context of public procurement legislation); the improper use of funds for purposes other than those for which they were granted (the RO-Culture programme) - submitted to the PO for response – investigated by the PO and found unsubstantiated. One complaint was redirected from the FMO regarding the implementation of the project “Fighting Criminality and Corruption” (RO-JUSTICE-0006) under the Justice programme. Several issues were highlighted in the complaint regarding the status/functionality of certain elements of the project (the VOIP phone system) and also about the status of the project which had been reported as implemented but not completed. PO Ministry of Justice has investigated the issues raised by the complainant and concluded that they are unfounded.

One complaint submitted by a Project Promoter in the RO-Health programme - Sânpetru Medical and Social Assistance Unit for Pneumophthisiology - consisted in the request for support from the NFP in order to cancel a local administrative decision leading to its liquidation – the NFP analysed and addressed the PP’s request and recommended to the PO and the local council to find solutions to solve the problem.

c. Irregularities

The total confirmed amount affected by irregularity is of approx. €211,052 (less than 0.05% of total budget), fully recovered, mainly in relation to public procurement, salary and travel expenses.

Currently, there are 16 irregularity cases still opened in Grace, out of which one suspicion of fraud reported to FMO, as follows:

- one irregularity in relation to Bilateral Fund at the level of the Justice programme;
- two irregularities in relation to RO Justice programme;
- one irregularity in relation to RO Research programme;
- eight irregularities in relation to RO Health programme;
- four irregularities in relation to RO-Culture programme, out of which one suspicion of fraud (related to illegal transfers, modified/replaced documents, falsification of employees' signatures, indications of receipts, respectively fictitious payments, under investigation by criminal prosecutors with an estimated amount of €122,761.23 representing advance payment reported to FMO).

There are also 12 irregularity cases which fall under the provisions of art. 12.5.3 of the Regulations and therefore not reported to FMO.

Moreover, there are 4 suspicions of irregularities that have not yet been reported to the FMO because they were received during Q1 2023 (for RO Justice, RO Health, RO Internal Affairs and RO Culture). These cases will be reported by end of May 2023.

a. Audit

In the reporting period, the Audit Authority performed the following activities:

- performance of the system audits for the NFP, CA/IA and for the Programmes: Education, Research, Health, Local Development, Culture, Home Affairs and Justice;
- performance of the operational audits for the Programmes mentioned above (the amount of the audited eligible expenditure was 17,658,270.13 € and ineligible expenditure of 186,30 € was identified for the Health Programme);
- revision of the audit strategy;
- performance of the follow-up for the previous audit missions and the reassessment of the MCS for the NFP, CA/IA, TA Fund and Education, Research, Local Development, Culture and Justice Programmes;
- submission in GrACE System of the annual audit reports and the audit opinions (in 2022, qualified opinion was issued due to deficiencies of the MCS for the Health Programme – category 4, *MSC essentially doesn't function*).

5. Monitoring and Evaluation

a. Monitoring

The NFP has ensured the permanent monitoring of the programmes through quarterly progress reports, annual programme reports, technical meetings, participating at the meetings of the Cooperation Committees and of the Selection Committees as observers, as well as permanent contact with the POs in order to be able to take corrective measures where needed.

It has constantly followed and assisted in the activities performed by POs – assessing the calls for proposals, assessing the predefined projects, fulfilment of PA conditions and any necessary PA modifications, communications duties, etc.

The NFP also keeps updated information on the following topics, based on the reports from POs: payments made/authorized by POs (monthly), contracting status, implementation of the Fund for Bilateral Relations at programme level, information regarding the objective of improvement of the situation for the Roma population, etc.

b. Evaluation

No evaluations other than those commissioned by the FMO were undertaken.