

Strategic Report 2024
EEA and Norwegian Financial Mechanism
Romania

1. Executive summary

The report covers the last period available for the implementation of projects under the 2014-2021 EEA and Norway Grants (the most productive in terms of progress) with Programmes reporting substantial achievements of their set targets.

The interventions supported by the Grants in the areas: social inclusion and fight against poverty, access to public health services and justice, inclusion and empowerment of Roma, strengthening rule of law and improving correctional services, support of the civil society Romanian and cultural sector, as well as innovation, research, environmental protection, green energy and innovation, have contributed to the reducing the socio-economic gap between Romania and Europe.

The 470 project partnerships (in all Programmes less the Active Citizens Fund), as well as the hundreds of bilateral activities supported through the Funds for Bilateral Relations, involving thousands of people in a wide range of domains, led to significant strengthening of bilateral relations as expressed through increased extent of cooperation, shared results and improved knowledge.

In the context of the upcoming deadline of eligibility, the National Focal Point, the Programme Operators and the Promoters have made sustained efforts to complete the implementation of the projects in due time, achieve the objectives and maximize the use of the funds available for the development of results.

According to data registered in GrACE, of the 734 projects signed (in all Programmes less the Active Citizens Fund), 353 have been completed, amounting to 16% of the grant allocated to projects. The great majority of activities and related expenditure continue up to the eligibility end date. The level of financial implementation also progressed, the overall level of payments to projects reaching 80% of the budget. During 2023, measures have been taken in order to mitigate challenges and increase the level of utilization of funds made available, such as Programme modifications, reallocation of funds between components/Programmes, adapting activities in projects, employing the flexibility measures provided by the Donors which allowed more timely management decisions for Programme Operators.

The previously identified risks related to the infrastructure components in projects affected by significant price increases and market disruption have materialized, translating in major delays and savings. Given the very low level of progress in the procurement and execution of works for correctional facilities, the RO-Justice programme was reduced (with 2.5 mil. euros) and modified, by introducing new activities related to endowment of prisons with necessary equipment. The cultural monuments restoration projects in the Programme also suffered from delays and a low level of achievement. As a result, an amount of 2.5 million euros was redirected from the RO-Culture Programme to the Fund for Bilateral Relations.

The effects of the pandemic, which prevented travel and social activities, also translated into a low level of spending in “soft” activities and projects – such as social services, mobilities in education, etc.

Two reallocations of funds, through modifications of the Memoranda of Understanding, were proposed by the NFP and approved by the Donors, in September 2023 (€5 million) – from RO-Justice and RO-Health to the Local Development Programme and December 2023 (€5 million) – from various programmes to the Fund for Bilateral Relations, representing funds identified to remain unused due, mostly, to delays or low level of expenditure in projects.

The amounts reallocated to the RO-Local Development Programme were directed towards the results of existing projects for improvement of the housing conditions of vulnerable people, including Roma, that is to increase the impact of the Programme on improving the living conditions and future prospects of adults and children at risk of poverty and social exclusion.

Benefiting of substantial additional funds and time available (i.e. until 30 April 2025), the Fund for Bilateral Relations is due to continue to contribute significantly to increasing the level of bilateral exchange in important areas such as climate-neutral cities, geothermal energy, green transition, contemporary art, social housing, human rights, emergency services and police cooperation.

Communication was also a major priority for all the actors involved – Project Promoters, Programme Operators and National Focal Point, a great number of communication material being published on traditional and online media, presenting the results achieved and success stories. A communication campaign carried out by the NFP is currently on-going, comprising the development of project stories (interviews, video and photo documentation), to be published in top tier online media outlets, videos presenting relevant aspects of the EEA and Norway Grants in Romania, at least 10 social media posts presenting success stories published per month and the development of a dedicated YouTube channel. The campaign is expected to generate an increased level of awareness of our results.

For the next period, the focus will also be on evaluating results achieved, draw lessons on what needs improvement in simplifying the accessing and use of these funds, and, based on the progress achieved at the level of EU institutions, in drawing up the next period of funding together with the partners from Norway, Iceland and Liechtenstein.

2. Country developments and effects of the Grants

In 2023, the World Bank issued the “Updated Systematic Country Diagnostic”, an update to the first such report published in 2018, providing a comprehensive analysis of the main relevant factors characterising Romania’s evolution during this period.

It concludes that the “Tale of two Romanias”, a formula used in 2018 to summarize the country’s socio-economic development, persists: “one urban, dynamic, and integrated with the EU; the other rural, poor, and isolated.”

To cite from the report’s key conclusions, while Romania’s growth rate remains among the highest in the EU, reducing disparities with the living standards of the EU average and contributing to a high rate of poverty reduction, Romania’s poverty rate is still the highest in the EU. Yet, the country’s poverty rate remains by far the highest in the EU, exceeding that of countries with similar or lower per capita incomes — e.g., Bulgaria, Croatia, Hungary, and Poland.

Romanians’ living standards more than doubled from 2000 to 2021, but inequality also remains relatively high compared with other EU countries, with sizeable spatial disparities (the fourth highest in the EU). Large rural-urban disparities are visible from the quality and availability of transport infrastructure and public services to resilience to natural disasters and climate change.

Moreover, poor and vulnerable groups, such as those within Roma communities and in rural areas, suffer from major shortcomings in the provision of social services and infrastructure services such as water, sanitation, transport, and energy. The report also notes the “unprecedented shocks” of the COVID-19 pandemic, and Russia’s invasion of Ukraine which overwhelmingly affected the already vulnerable people.

So, we could conclude that the gap between Romania and the rest of the EEA countries continues to shrink in terms of economic performance and poverty reduction, but internal disparities between the developed urban population and the poor rural communities continue.

This is the context in which the EEA and Norway Grants programmes were developed and have contributed to reducing this gap, through improved interventions in education, public health, social assistance etc. in the most deprived areas and will make important contributions by reaching the most vulnerable and alleviate these issues in the communities.

The achievements of the Local Development, Health, Justice and Education Programmes have included the outreach to rural areas delivering medical services, ensuring access to educational programs for children belonging to disadvantaged families, assisting victims of domestic violence, or creating opportunities for integration in society for detainees after liberation from prison, supporting good governance process and transparency and human rights at central and local level, reducing marginalization and deprivations for an

important part of the Romanian population. The Energy Programme included a noteworthy example of sustainable interventions for addressing energy poverty in isolated communities through the component “electrification of households”.

On the other hand, investments in the business sector green innovation, startups, scientific research, mobilities in higher education, renewable energy and environment reached the other Romania, in its quest for development.

The COVID-19 pandemic, Ukraine crisis and ensuing extreme level of price increases in the construction sector were defining factors (repeated in previous reports) causing major delays in procurements and leading to the partial fulfilment of infrastructure investments in the building of new correctional facilities, renovation of cultural monuments and green energy.

The COVID-19 pandemic also disrupted the possibility of efficiently carrying out activities with target groups in Local Development and Education projects, as well as of projects implemented by public health institutions, leading to a low level of financial implementation and absorption of funds.

Significant strengthening of bilateral relations as expressed through increased extent of cooperation, shared results and improved knowledge was achieved in the 470 project partnerships (in all Programmes less the Active Citizens Fund), as well as the hundreds of bilateral activities supported through the Fund for Bilateral Relations, involved thousands of people in a wide range of domains.

A few examples of bilateral cooperation are described below.

A project which finalized during 2023 and included a strong bilateral component was the Photographic Resource Center (RO-CULTURE-0038), implemented by Arte Development& Management SRL in partnership with Morten Bruun from Norway. The project objective was to support the development and professional growth of the photographic community in Romania, a community where the challenge is the lack of finality of the artistic act and the difficult process of entering the market.

Another project where the bilateral cooperation represented a strong component was Ferentari Studios (RO-CULTURE-0047) implemented by CEDCA Association in partnership with Ferentari Association and the Norwegian artist Lise Wulff. The project addressed the lack of access to education, culture and professional development opportunities for disadvantaged young people in the Ferentari neighbourhood, as well as the lack of information about Roma identity and history, which creates prejudices and misperceptions of self.

Within RO-Home Affairs Program, - Improving Asylum and Migration System stood out for its unique practical exercises in the field of migration management among all the projects financed by the Norwegian Financial Mechanism 2014-2021. One of the main visible activities organized during the reporting period have been the two practical exercise for managing migration situations caused by an influx of migrants, entitled “TIBYSCUM 23” and “VALHALLA 23”.

Within RO-Education, the project „European network for 3D printing of biomimetic mechatronic systems (EMERALD)”. The primary focus of the EMERALD project was on creating advanced educational resources and research tools for individuals interested in acquiring the necessary knowledge and experience in developing robotic arms, personalized medical prostheses, and orthotics using 3D printing technologies, specifically for people with special needs such as amputated arms. Within the project, 8 comprehensive course modules, 1 laboratory toolkit manual, and 1 e-learning platform incorporating modern learning methods like VR/AR/Mixed Reality were developed for the design and development of personalized biomimetic mechatronic systems.

3. Status of programmes

Overall, financial implementation has progressed significantly, the rate of payments to projects reaching 80% of the allocated budget (€351,586,704), 55% of this amount being authorized as incurred at the level of projects (€193,018,079).

In September 2023, the National Focal Point proposed to reallocate funds under significant risk of non-absorption, in total amount of 5,000,000 euros (grant), to the RO-Local Development Programme, in order to maximise the use of funds available under the Grants for the benefit of vulnerable people in Romania.

This additional amount was directed to existing projects targeting the improvement of housing conditions for vulnerable people, including Roma, increasing of the impact and results of this component of the Programme for improving the lives and prospects of people and children at risk of poverty and social exclusion.

The funds deducted from the RO-Health programme (€2,500,000) represented amounts remained uncontracted, as well as „management costs” estimated to remain unused at the end of the eligibility period, while in the case of RO-Justice (€2,500,000), they were part of the funds estimated by the Programme Operator to remain unused due to delays in the implementation of projects.

In November 2023 another formal request was submitted for the modification of Annex B to the Memorandum of Understanding for the EEA Financial Mechanism 2014-2021, to reallocate an amount of €5,000,000 (grant) from Programmes, representing funds that will remain unspent (savings from projects and uncontracted amounts) to the Fund for Bilateral Relations, from RO-Culture: €2,550,000, RO-Environment: €1,402,500, RO-Education: €680,000, RO-Health: €367,500.

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, as mentioned in previous reports, projects with significant infrastructure components and budgetary allocation under RO-Justice, RO-Culture and RO-Environment are 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, due to the 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

During 2023, since all the Calls were already closed one year before, the PO focused on the projects' monitoring and the assessment of final reports for all the Outcomes:

- Outcome 1 - Improved skills and competences of students and staff in Higher Education: 56 projects were finalised by the cut-off date, out of 69;
- Outcome 2 Strengthened institutional cooperation in the HE area: all the 32 projects were finalised by the cut-off date;
- Outcome 3 Improved skills and competences of educational experts: all the 52 projects were finalised by the cut-off date;
- Outcome 4 Improved quality of work-based learning: all the 47 projects were finalised by the cut-off date;
- Outcome 5 Increased institutional capacity of schools to ensure an effective inclusion of Roma children: 16 projects were finalised by the cut-off date, out of 18.

The bilateral funds were used over the programme years to finance 26 preparatory visits, a contact seminar, 3 webinars delivered by Norwegian experts, followed by two study visits in Norway in the VET field (for outcome 4), organised with the valuable support of the DPP from Norway; also, 2 follow up activities for the

experts participating at courses in Donor States under outcome 3 were organised, with trainers from Donor States. In 2023, another 2 follow up events for outcome 3 with trainers from Donor States were organised.

The bilateral initiative taken by the PO together with the DPP from Norway (HK-Dir) in 2022 continued, in order to boost the cooperation in the VET field between Romanian schools and Norwegian ones. The new study visits organised by HK-Dir (with a big effort) in Norway in October 2023 was undertaken by a delegation composed of 10 VET schools representatives. During the visit, several VET schools and companies that ensure apprenticeships were visited and some workshops were held.

The bilateral cooperation was reinforced through a follow-up seminar led by representatives of European Wergeland Centre, organised face-to-face in Bucharest; it gathered a good number of former participants at the courses on democracy delivered by the Centre under the framework of the Outcome 3. The seminar was attended by representatives of both DPPs from Norway and Liechtenstein, from the FMO and from the Norwegian Embassy in Bucharest. Another seminar with the same purpose-i.e. follow-up of the participation of Romanian school education experts at training courses in Norway-was organised online, led by representatives of the Norwegian training provider "Newschool AS".

RO-Research

The Research Programme continued to progress towards its objectives. For the completion of all the activities foreseen in the research projects and the achievement of the expected results, strongly affected by the COVID pandemic and the war in Ukraine, as well as for a better absorption of EEA and Norwegian funds, most of the Principal Investigators requested the extension of project implementation period.

Despite all these challenges, the value of most indicators reported are considered to be already reached. Important results that sustain the Romanian research at international level and strengthen the collaboration between partners have emerged: high-quality peer-reviewed scientific publications were published, joint applications for further funding have been submitted and applications for Intellectual Property Protection has been registered. Related to bilateral relations both calls for proposals objectives clearly reflected the aim of collaboration, namely to support research cooperation between countries and to support the establishment of long-term strategic partnerships between research institutions from Romania and Donor States. The research institutions, SME or companies from Romania and Donor States worked together in implementing project activities and realizing assumed project outcomes.

In reply to the current economic challenges including exceptional price increase because of the influence of COVID -19 pandemic, the conflict in Ukraine and the inflation rate, the Donors agreed the possibility to allocate additional funds to already approved projects which have the potential for absorbing these funds. A restricted call for proposals for additional funds was launched and 28 projects received funds.

Starting September 2023, at the level of PO, there was identified the need for Romanian not only to mirror the EU's environmental objectives, but also to set the necessary standards that will make every Romanian city an example of sustainability and technological progress by 2050 was identified. Thus, there have been prepared for submission two Expressions of Interest: *"Towards Climate-Neutral and Smart Cities through Mutual Learning, Engagement and Capacity-Building and Climate-Neutral"* and *"Smart Cities: Planning, Piloting, Inspiring"* involving participation of PO, different actors at Romanian level and also partners identified in Norway and Iceland.

The podcast "Research in the spotlight" continued with new episodes. This approach is considered an opportunity for researchers to present their projects, research teams and results developed so far was. By this, researchers are challenged to open their laboratories to the general public who discover the passion and motivation that are hidden behind each innovation.

Around 70 academics, stakeholders, students, international experts gathered in an international conference under Social Sciences and Humanities thematic area, "20 months after the Russian invasion in Ukraine. What has been done, what needs to be done in the near future, what can be learned from the past, where is the end", organised in Bucharest, as part of the project EEA-RO-NO-2018-0532. During plenary sessions, parallel panels, roundtables, the experts debated important aspects related the war, questions, solutions, social-economic impacts, political actions, highlighting why this conflict affects the entire world.

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 €644,984 have been spent.

RO-Local Development

The year 2023 and beginning of 2024 marked an impressive progress in achieving the results proposed by the Local Development Programme. All the 7 planned calls for project proposals were completed (including SGSs). With 111 projects contracted, the contracting rate reached almost 100% of the total allocated funds. For the contracted projects, €79.54 million (about 92.45% of the available budget) have already been disbursed until March 15, 2024.

This high rate of contracting was possible due to the approved reallocation of funds between outcomes, allowing the transfer of funds from calls in which an insufficient number of viable projects could be approved (such as restricted call on Poverty Reduction for example), to calls with consistent reserve lists of good projects (such as Inclusive Education for Children and Youth at Risk, Enhanced Roma Inclusion and Empowerment or Local Development). In addition, important and continue efforts were put in place by all those involved in the process of selection and contracting at Programme partnership level/ Cooperation Committee etc.

84 of the 111 projects signed were completed by March 15, 2024, other 27 being in different stages of implementation, all of them to be completed by the end of April 2024. The general picture given by the Programme indicators is that most of the proposed targets will be reached and some of them exceeded until the end of the implementation (some already are). Also, from a quality point of view, many projects included integrated approaches/ multi-disciplinary support for final beneficiaries which led to important changes that could shape a better future for them. Added value, collaboration, partnership including with civil society, good governance and human rights respect are transversal principles that lead all the interventions in projects, irrespective of the focus of each specific call was.

These achievements were also the basis for the reallocation of an additional 5 million euros from other programmes with important savings to the programme. With these funds, in October 2023, the PO launched the “Housing Plus” facility, addressed to projects that included a component dedicate to improving housing conditions for vulnerable people, including Roma. Following the selection process, all 6 projects that applied for funding were approved and additional amounts contracted. Considering the intermediary results achieved by the completed projects and by those still under implementation, the PO considers that the results assumed at the outcomes level shall be achieved by the end of the Programme, and some of them might be even exceeded with respect of assumed quality and intensity of interventions.

Overall, by March 15, 2024 the amount disbursed from the Programme's Bilateral Fund was €1,421,891, representing about 77% of the total amount of the bilateral funds allocated to the Programme (€1,851,048) from both the National Bilateral Fund and the bilateral fund at programme level and included in the workplan for bilateral activities developed at Programme level, as follows:

- training program for PP/ project partners representatives, focused on minority group empowerment;
- 2 study visits of PP/ project partners representatives to the Council of Europe, the first one focused on human rights and anti-discrimination, and the second one on social inclusion of Roma, minorities, and vulnerable groups;
- participation of PP/ project partners representatives at an international conference focused on democracy and human rights and at a forum with representatives of local authorities in Norway, Poland, and Ukraine,
- workshop, with a study visit component, focused on the inclusion of Roma from Romania temporarily settling in Norway;
- 3 study visits of PO representatives in 3 Beneficiary States (Czech Republic, Slovakia, and Poland) mainly focused on sharing good practices in the management of EEA and Norway Grants.
- international conference on good practices in protecting human rights, organized in Bucharest.

Overall, over 215 persons attended these 9 bilateral activities, representatives of PP, project partners and PO, but also of many other stakeholders in Romania, Donor and Beneficiary States.

The two predefined bilateral initiatives aiming to provide support for refugees from Ukraine ended in February 2023, respectively April 2023, achieving the targeted results.

ASSOC association provided support to 4,372 refugees who were at high risk of becoming victims of human trafficking, through face-to face meetings, a Call Centre and a website dedicated to this topic. Also, they organized 9 informative seminars on the prevention of human trafficking, attended by 203 specialists working or coming into direct contact with the refugees (social workers, volunteers, psychologists, staff from local authorities from counties with borders with Ukraine and the Republic of Moldova: Botoşani, Galaţi, Iasi, Maramureş, Suceava, Satu Mare, Vaslui).

Filantropia association provided assistance and hot meals (using a food-truck purchased from the grant) to 2,260 Ukrainian refugees who entered Romania through Siret Customs, Suceava county, and provided support for adaptation in a new country through 6 thematic trips at cultural sites in the area for 270 refugees (children and their companions).

RO-Culture

The Programme reached a special landmark by the end of 2023 – 1 million people attended 330 cultural activities/exhibitions organized in the financed projects since the programme's launch. In addition, the programme facilitated the creation of 180 jobs and the opportunity for more than 200 professionals to improve their competences through job shadowing, formal training and exchange of experiences with cultural experts from the Donor States. Furthermore, 16 Roma contemporary art activities were supported from the programme budget, more than 1000 Roma were reached by empowerment measures and 19 Roma individuals benefitted from training on the job.

Under the *Monuments restored and revitalized* component, out of the 12 contracts initially signed, only 9 were still in force in 2023. In order to mitigate the risks generated by the increase of investments costs and safeguard the results planned under these projects, the PO developed a State aid scheme for granting additional funding for the restoration of historical monuments financed within the RO-CULTURE Programme, which was approved by the Romanian Competition Council in June 2023 and endorsed by the National Focal Point in July. Subsequently, the restricted call was opened between July 24th and August 7, 2023, and by the deadline, 7 additional funding files were submitted. Of these, only 4 complied with the conditions set by FMO and included in the new State aid scheme.

In the component *Innovative cultural exhibitions of restored objects*, 9 exhibitions, including more than 400 objects restored and listed as heritage, were open to the public and visited by 110,940 individuals, enjoying the cultural heritage displayed and capitalized through digital technologies. In addition, the projects represented a great opportunity for 67 professionals to develop their competences in the cultural field through training.

Within the predefined project "*ROM(a)NOR Interferences*", significant progress was made in relation to the transfer of a Roma household in the National Village Museum, which will be inaugurated in 2024. By the end of 2023, several entrepreneurship courses as weaver and flower decorator were organized in order to empower Roma individuals. In addition, 4 fairs presenting specific crafts by 40 Roma craftsmen from Romania and 5 craftsmen from Norway were organized for students and the general public.

The progress achieved under the components related to *Cultural entrepreneurship enhanced & larger audience developed* and *Innovative cultural exhibitions of restored objects supported* was very good.

Under the *Roma cultural initiatives developed* component, out of the 10 contracted projects, 6 have been completed, contributing to the creation of 18 jobs, 975 Roma individuals reached by empowerment measures, 19 Roma individuals trained on the job and 16 Roma contemporary art activities supported.

The PO launched 3 calls for bilateral initiatives aiming at supporting partnerships between entities from Romania and the Donor States (in 2018, 2019, 2020) and 1 call for artistic residencies initiatives aimed to support the bilateral artistic work between artists from Romania and Donor States, during a residency of 1-4

weeks in Romania or in one of the three Donor States. The grant consisted in a lump sum for travel and accommodation and subsistence. 18 artistic residencies were supported for music, sculpture, photography, theatre and literature. In addition, in June 2023 was organized the workshop Green Rocks!, a bilateral initiative supported by the Fund for Bilateral Relations, representing a great opportunity for music festivals organizers from Romania and Norway to meet and exchange ideas and good-practice examples related to sustainable development and the green shift.

RO-Justice

During the reporting period, progress was registered in the areas of the judiciary, correctional services, domestic and gender-based violence, fighting organized crime and corruption, as well as victims' protection, which contribute to the programme objective aiming at strengthening the rule of law. However, the progress varies between these areas of intervention, some being more advanced than others.

The investment components in the correctional services projects will not be completed within the eligibility period but will be continued until completion with funds from Project Promoter's own budget.

The main factors affecting the projects were the challenges posed by the public procurement procedures needed for contracting specific components, especially the works and various concurrent factors, such as: the significant rise of the cost of constructions compared to the initial budgetary estimations; poor performance of the contractors; legislative changes; 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 etc.

Based on the conclusions of an analysis made by the PO, the proposal of restructuring these projects was approved on 15 November 2023 through an amendment to the RO-JUSTICE Programme Agreement. The main changes brought by this amendment in relation to the correctional projects are:

- Decreasing the total eligible allocations for PdP 2 and PdP 8 and increasing the ones for PdP 3 and PdP 4 (i.e. from savings identified within the predefined projects whose budgets were reduced);
- Reallocating some of the savings identified at the level of PdP 2 towards a new activity of this project (i.e. endowing the prison system in view of improving both the working and detention conditions);
- Reallocating funds between the investments foreseen within PdP 3, specifically from the delayed investment objective (i.e. Ploiesti prison) towards the more advanced one (i.e. Craiova prison), where additional funds were needed;
- Adjusting some of the programme indicators, by reducing their target value - i.e. number of pilot correctional centres set up (from 4 to 2); number of prisons with new working and training facilities for detainees (from 4 to 3); number of prison places set up in line with European standards (from 1.400 to 900); number of probation locations with improved working infrastructure (from 5 to 3); number of prisoners undergoing reintegration measures in the pilot correctional centres (from 1.100 to 600).

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 together with the DPPs. Out of the total 13 bilateral initiatives for which financing contracts were concluded 11 of them were finalised, while 2 bilateral initiatives are on-going. The expenditures for 10 out of the 11 completed initiatives were authorised by the PO until the end of the reporting period, while for one bilateral initiative the final report is under verifications by the PO following the request for clarifications sent to the beneficiary of bilateral initiative (National Agency for Men and Women Equality).

As regards the funds absorption, out of the total amount of €679.000, €588.637 was paid so far.

RO-Home Affairs

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

On the basis of FMO's October 2022 letter, which granted flexibility to reallocate funds between projects in the limit of 20% of the total project's budget, the PO made changes for securing the results of the projects and reducing the risk of non-absorption of funds.

Due to the war in Ukraine which involved General Inspectorate for Immigration personnel in a number of operative activities related to the migration situation at Romania's northern border leading to a lower rate of achievement of activities in project PDP1 – "Improving national asylum and migration system". Thus, an amount of €820.000 were reallocated from the project to this amount has been reallocated from the project toward the endowment of the Emergency, Information and Training Center in the PDP5 - "Enhancement of nuclear safety and security in Romania" project (in June 2023).

Due to General Inspectorate for Immigration's impossibility to contract the projection and execution services for Giurgiu's Reception Centre for asylum seekers rehabilitation, an amount of €300.000 has been reallocated from PDP1 - "Improving national asylum and migration system" to PDP4 – "Improving disaster risk resilience by enhanced preparedness for search and rescue and bomb removal missions", in order to perform new activities: regarding managing, coordinating and carrying out specific missions in the case of a natural disasters (November 2023).

A major concern for the implementation of the Programme was the massive increase of prices of construction materials, fuel, equipment, energy, which had 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, after being resumed several times. The Programme also faced the problem of rising prices for services and for the plane tickets.

Another aspect influencing the implementation of the Programme was the war in Ukraine, which substantially affected the implementation of the project "Improving national asylum and migration system", as part of the General Inspectorate for Immigration staff was deployed at the border with Ukraine in the beginning of the war and the fact that part of the activities in Component 5 of the project (awareness campaigns, studies etc) became obsolete and impossible to be implemented.

Nevertheless, the five predefined projects have been progressing according to their schedule and any delays were generally recovered.

In the case of *PDP 5 - Enhancement of nuclear safety and security in Romania*, the Project Promoter has completed almost all the *soft* project activities and all the related indicators have been fully achieved. As far as the hard activities are concerned, the public procurement for the construction works of the Emergency Training and Public Information Centre was delayed and the construction is currently ongoing.

In 2023, the Bilateral Relations Fund of the Programme was increased with € 61.615 in order to ensure the necessary funds for the implementation of the Bilateral Initiative – "*Romanian-Norwegian cooperation in combatting internet-based crime against children*". The total value allocated to the bilateral aspects is € 811,615.

RO-Health

The lack of capacity of the Programme Operator continues to represent a risk for ensuring the adequate management of the programme. The Audit Authority declared the management and control system at level of the Programme as "not functioning". However, the audits performed at the level of projects and expenditure did not find irregularities. 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 regarding the PO activity.

In terms of financial progress, until the end of 2023, the value of the funds contracted within the program was €44,861,765 representing 100% of the total current allocation of the program (after the reduction of

€3,373,529 of the total value). The amount spent was €29,502,750, representing 61% of the total program allocation.

The 7 predefined projects, representing 70% of the programme budget, have achieved a good level of progress and results. 4 projects finalized their activities, with the approval of the final reports and final balances pending (projects no. 2 - Organized Screening for Cancers (CEDICROM 2), 4 - Creating a register to track left ventricular remodeling, 6 - Increase performance regarding diagnosis and treatment of cancers in children, 8 - Strengthening the capacity to address antimicrobial resistance (AMR))

The results achieved so far are: 10 practice guidelines for community care assistance developed, 30,000 women (of whom 3,120 were Roma) were reached through door-to-door campaign in the cancer screening project, 7,041 cancer screening tests (of which 819 Roma) were performed on women from rural areas and disadvantaged areas, 1245 people (of which 148 Roma) were vaccinated against the HPV virus, 925 patients were registered in the heart failure register and received the necessary treatment and monitoring, 109 patients received full treatment for MDR TB, 57 people participated in TB awareness training, guidelines on the diagnosis and treatment of childhood cancers were developed, 353 professionals were trained in the diagnosis and treatment of childhood cancers, 104 people were trained in mental health, diagnosed/treated 1514 children. In all 6 community mental health centers, the antimicrobial strategy and national work plan were developed in 2021, most of the medical equipment for cancer screening, cardiovascular monitoring, childhood cancer were purchased and installed, etc.

The contracting process for the two calls conducted was finalized 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).

3 projects financed under the small grant scheme have ended their implementation, with the approval of the final reports and final balances pending.

In December 2023, the PO organized the 3rd meeting of the EEA network in the field of mental health for children and adolescents. The event took place in Bucharest. The participants also visited some projects financed by the EEA Financial Mechanism. The Norwegian partners were actively involved in the implementation of the initiative activities.

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.

- 5 projects were contracted on *Outcome 1 - Improved ecological status in supported habitats*. There are no reported delays in the implementation of the projects and it is estimated that they will be completed by April 30 and the indicators will be achieved. Following the approval of Addendum 5 to the Programme Agreement on 10.10.2023, savings registered in other Programme Outcomes (Outcome 3 and Outcome 4) were re-allocated and the total budget for the Outcome 1 was increased to 3,785,000.00 euro (with 235,000.00 euro). Consequently, 4 projects out of 5 requested and received supplementary budget allocation for additional activities.
- 6 projects are in implementation on *Outcome 2 - Improved capacity to manage and address the risks from hazardous substances*, with a total amount of €12,195,798. The projects implemented by UAT Cluj and UAT Botoșani present a major risk of not completing the activities by the eligibility deadline. The delay is caused by inadequate management and problems in the conduct of public procurement of works. The Project Promoters assumed to complete the projects from their own budget, by the end of 2024.
- 14 projects were contracted on *Outcome 3 - Increased capacity at local level to mitigate and adapt to a changing climate*. 8 projects have already been completed and the indicators have been fulfilled. 6

projects are still being implemented, without delays, and we estimate that by 30 April they will be completed and the indicators will be achieved.

The Pre-defined Project LAKI III contracted on Outcome 4 - *Improved geographic information tools for decision-makers in place*. The low capacity of the Romanian National Agency of Cadastre and Land Registration continues to represent a risk, with delays registered in the fulfilment of tasks related to the implementation of the project. Due to the bureaucracy and the delays in the public procurement process the public procurement contract for LIDAR services was only signed in April 2023 and until March 15 no deliverables were delivered. Also, the IT equipment acquisition procedure has not yet been launched. The project, will not be completed within the eligibility period but will be continued until completion with funds from Project Promotor's own budget.

In order to avoid the loss of funding, at the request of the NFP, the project budget was reduced twice to the final value of approximately 839,000 euro (with 2 mil euro in February and with 2,161,000 euro in March 2024 – proposal for reallocation currently under assessment by the Donors).

The bilateral fund has a very low rate of implementation – only two bilateral initiatives were implemented and of the total of 50,000 euro allocated to the call, only 5,500 euro were spent. The call is still open without any modification of the applicant's guide in order to increase its attractiveness for potential applicants.

In the reporting period the Programme Operator organized two Cooperation Committees (July and December) and the cooperation with the Donor Programme Partner - the Norwegian Environment Agency (NEA) - was very good.

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

The cooperation in the JCBF continued to be efficient, generating a very good level of implementation of the Bilateral Fund. During the reported period, 2 meetings of the Committee took place, on the 12th of October 2023 and on the 6th of March 2024, 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.

In December 2023, based on the NFP's proposal, the Donors approved a reallocation of €5 million representing unspent amounts from different programmes towards the Fund for Bilateral Relations. The additional budget was allocated following an extensive process of selection of proposals (Expressions of Interest) submitted by Programme Operators, which was finalised in March 2024. A reserve list for an additional €6.2 million was also approved, which could be funded if a new round of reallocation (sent in March 2024) is approved.

The overall financial status of the Bilateral Fund is presented in the table below:

Budget line	Amount	Contracted		Incurred	
National level	€ 12,400,000	€ 11,930,903	96%	€ 6,054,859	49%
NFP level (predefined and open call)	€ 4,340,738	€ 3,871,641	89%	€ 3,693,434	85%
Expressions of Interest to Programmes	€8,059,262	€8,059,262	100%	€ 2,361,425	29%
Programme level (MoU)	€ 2,650,000	€ 1,540,829	58%	€ 1,126,866	43%
TOTAL	€ 15,050,000	€ 13,471,732	90%	€ 7,181,725	48%

Overall, an amount of €2,251,507 was allocated to 14 predefined bilateral initiatives (18% of the national level allocation), of which 92% was paid out.

Three new such initiatives (totalling €587,663), have been developed and signed in 2023, targeting a diverse range of topics of bilateral interest:

- Archiving by design—a way to defy electronic records management challenges by the National Archives of Norway and the Romanian National Archives (€210,406).
- ENTRUSST - Enhancing Trust-based Solutions in Segregated Territories through cooperation between the Intercommunity Development Association Cluj Metropolitan Area and The City of Bergen (€197.257).
- Better prepared for migrant children education – best practice transfer through cooperation between Save the Children Romania and Save the Children Norway (180.000)

Two predefined initiatives are under implementation:

- Romanian–Icelandic research cooperation on democracy, memory politics and post-crisis reconstruction (€60,000) - signed in October 2021 due to end in May 2024. A comprehensive presentation website is available here <https://ratiucentre.com/research-cooperation/> and
- 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 - signed in July 2022 due to end in 31 July 2024 (€362,145).

Three predefined initiatives were successfully finalized in 2023:

- 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
- 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).

An important share (27%, €3,368,978) of the bilateral fund at national level (€12.4 mil.) was transferred to programmes through 21 approved Expressions of Interest for Programmes: Local Development (€1,537,781), Home Affairs (€561,615), 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 2023, other 3 expressions of interest were also approved by the JCBF, as follows:

- RO-Home Affairs (€61,615) for financing a predefined bilateral initiative in the field of internet-based crime against children.
- RO-Local Development (€155,080) for financing Fellowship program for projects staff which has as main objective to increase the level of knowledge and competences needed to provide quality services to beneficiaries of funded projects, by staff directly working with target groups.
- RO-Justice: replacement of already approved (EoI no. 3) - “How to achieve conservation of human rights during deprivation of liberty” with EoI "Judges under stress".

The open call *Timișoara European Capital of Culture 2023*

During 2023, all the contracts signed under the open call Timișoara European Capital of Culture 2023 were in implementation. By 31.12.2023 all the contracts were finalised. The promoters submitted the final reports and 6 are already approved, while the others are under evaluation.

Statistics:

- Approx. 26,000 people directly benefited from the activities (participants involved in activities or the general public who watched exhibitions, films, shows, etc);
- 151 experts from Norway travelled to Romania and were directly involved in the implementation of the activities
- Around 70 experts from Romania travelled in Norway exchange experience

Awareness:

- 97 press releases were published in the press
- 50 posts on Facebook and Instagram
- 12 videos were produced and published in the social media

Successful stories:

➤ **Sunlight Young Festival**

Romanian-Norwegian co-production theatre show (digital techart) presented in Romania (Timisoara) and in Norway (Oslo- Black Nordic Theatre) - 1500 spectators (estimated)

Promoter and partners: Artmedia Cultural Foundation/Nordic Black Theatre and west University Timisoara

➤ **Timisoara - European Capital of Multi-ethnic Coexistence**

Promoter and partners: Metropolis Cultural Association/Romers Rettigheter

- A Documentary movie was produces - My journey to Romania: <https://s.go.ro/7w6n8g81>;
- The movie was selected for participation in two other international film festivals : “Filmul de Piatra” Piatra Neamt (200 spectators): <http://www.filmuldepiatra.com/15/program.html> (day 3) and Caravana Metropolis Festival - Tulcea (50 spectators) https://www.facebook.com/events/949982562889928/?active_tab=discussion (post July 7 2023). It was also presented in Bucharest - 200 spectators and 1520 views
- 8 press releases published in local and national publications

➤ **Invisible histories**

Promoter and partners: Identity. Education Association/Oslo Pride AS

- A theatre performance developed: transLucid (212 spectators); at the request of the public, the play was performed in Bucharest as well (270 spectators); won the award offered by British Council at the Uniter Gala (<https://nicemagazine.ro/spectacolul-de-teatru-translucid-castiga-premiul-british-council-in-cadrul-galei-uniter-2023/>)
- Exhibition developed: The Scorpion Snuff Box - a visual journey into a queer novel (<https://identity.education/en/tabachera-cu-scorpion-en/>) - over 350 visitors

➤ **West Romania Film Center**

Promoter and partners: DOCUMENTOR Association/ Viken filmsenter AS

- 2 documentaries were produced - promotion of the Norwegian model in the field of creative industries, funding, advantages/benefits (<https://www.facebook.com/RodFestival/videos/238344935855619>)
- Organization of a conference in Timișoara (20 participants, interested factors, local authorities, representatives of the partner) and the adoption of an agreement in principle for the formation of a West Region Film Center (<https://adevarul.ro/stiri-locale/timisoara/centru-regional-de-film-la-timisoara-dupa-model-2259889.html>)
- over 10 press releases in local and national newspapers

- 250 spectators (estimated value, the project is under implementation)

➤ **North by Southwest**

Promoter and partners: DOCUMENTOR Association/Bodø2024 IKS

- A short animation film developed (<https://www.facebook.com/RodFestival/videos/836660761403619/>), animation workshops (<https://expresdebanat.ro/celebra-morsa-freya-din-norvegia-protagonista-unui-scurtmetraj-de-animatie-creat-la-timisoara/>)

5. Management and implementation

a. Management and control systems (MCS)

No major changes of the management and control system were made in 2023.

The staffing and capacity of the NFP was affected, as starting with January 2023 and until June 2023, part of the staff received additional tasks from 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 programme officers for Justice/Culture/Research and Civil society, program officer for Education and Scholarships, Business Development and Innovation and the communication officer.

From January 2024, the General Directorate for Non-reimbursable European Financial Mechanisms and Instruments which includes the National Focal Point was transformed into a Directorate with a new name - Directorate for Non-Reimbursable European Financial Mechanisms. The units dedicated to the management of the EEA and Norwegian Financial Mechanisms remained the same, with the same staff specified in the approved management and control system, with the established tasks and responsibilities.

b. Complaints

During the reporting period, 6 complaints were received and none was confirmed following their investigation:

- 3 complaints addressed to RO-Local Development related to: irregularities in the awarding of financing contracts to the same promoter in case of the projects PN4009, PN1035 and PN1034 - NFP submitted the complaints to PO in order to verify the issues raised by the complainant. The Programme Operator has investigated the issues and concluded that they are unfounded.
- complaint submitted by the National Institute for the Study of the Holocaust in Romania "Elie Wiesel" and consisted in the request for the Project Promoter to review the information published on the website <https://romanomuseum.com/despre-proiect/>, developed in a (RO-Local Development project. The Project Promoter took the necessary measures and provided the answer to the complainant.
- complaint submitted directly to the Fight Against Fraud Department (DLAF) regarding possible irregularities in the procurement procedures carried out by UAT Slobozia Bradului, Vrancea County (the project "Increasing inclusion and empowerment of Roma - RO-Local development). This institution forwarded the complaint to the Ministry of Investments and European Projects/NFP. The Programme Operator has investigated the issues raised by the complainant and concluded that they are unfounded.
- complaint submitted by the members of the Shared Spaces team, involved in the bilateral initiative funded in the open call Timișoara - Capital of Culture 2023, claiming a case of mismanagement, following the termination of the project by the legal representative of the project promoter. The complaint was declared as unfounded.

c. Irregularities

Currently, there are 9 irregularity cases still opened in Grace, out of which two suspicions of fraud reported to FMO, as follows:

- one irregularity in relation to Bilateral Fund programme;
- one irregularity in relation to RO Justice programme;
- one irregularity and one suspicion of fraud in relation to RO Research programme; the suspicion of fraud (related to bribery accusations) was sent in court: the university professor was convicted as per Appeal Court decision 133/2024;
- three irregularities in relation to RO Health programme;
- one irregularity and one suspicion of fraud in relation to RO Culture programme: the suspicion of fraud (related to illegal transfers, modified/replaced documents, falsification of employees' signatures, indications of receipts, respectively fictitious payments) was dismissed by criminal prosecutor's authorities.

Moreover, there is one suspicion of irregularity that has not yet been reported to the FMO because it was received during Q1 2024 (for RO Internal Affairs). This case will be reported to FMO by end of May 2024.

The total confirmed amount affected by irregularity mainly in relation to public procurement, salary and travel expenses is of approx. €223,532 (approx. 0.06% of total budget), recovered over 95% of the above-mentioned amount.

d. Audit

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

- performance of the system audit missions for Bilateral Relations Fund and the Programmes: Health, Home Affairs and Environment;
- performance of the follow-up for the recommendations made in the previous audit missions and the reassessment of the MCS for the NFP, CA/IA, TA Fund and Programmes: *Education, Research, Local Development, Culture and Justice*;
- performance of the operational audits for the Programmes mentioned above and TA Fund and Bilateral Relations Fund (the amount of the audited eligible expenditure was €37,504,678.65 and ineligible expenditure of € 9762,45 was identified for the Environment and Research Programme);
- revision of the audit manual;
- starting the follow-up for the recommendations made in the previous audit missions and the reassessment of the MCS for the NFP, CA/IA, TA Fund and Programmes: *Education, Environment, Research, Culture, Justice and Internal Affairs*;
- starting the system audit missions for the Bilateral Relations Fund and the Programmes: *Health and Local Development*.
- submission in GrACE System of the annual audit reports and the audit opinions for the audit activity performed in 2022 and 2023 (qualified opinion was issued due to deficiencies of the MCS for the Health Programme – category 4, *MSC essentially doesn't function*).

6. 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.

In the reporting period, in addition to above mentioned monitoring activities, the NFP conducted monitoring visits at the following Programme Operators: culture, environment, home affairs, health and research.

The low capacity of the RO-Health Programme Operator and RO-Environment 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.

NFP representatives were also involved through on-the-spot visits to projects, participation in conferences and closing events at projects level.

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. Also, the NFP maintains, through its dedicated programme officers and management, a constant communication with the Programme Operators on topical issues and risks affecting the implementation.

b. Evaluation

No evaluations other than those commissioned by the FMO were undertaken. The NFP shall conduct evaluations of all Programmes, according to the provisions of Article 10 of the Regulations after the end of the eligibility period for projects.