

PL Annual Meeting - minutes
Warsaw, November 23rd, 2022

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| Norway | <ul style="list-style-type: none"> - Leif Trana, Chair, Financial Mechanism Committee (Head of Delegation) - Jon Erik Strøm, Director of the Section for Central Europe and the EEA Grants - Lars Børresen, Senior Adviser at Royal Norwegian Ministry of Foreign Affairs - HE Anders Eide, Ambassador, Royal Norwegian Embassy, Warsaw - Anniken Kleven Gasser, Counsellor, Royal Norwegian Embassy, Warsaw - Karina Gradowska-Karpińska, Adviser, Royal Norwegian Embassy, Warsaw - Maja Bielecka, Intern, Royal Norwegian Embassy, Warsaw |
| Iceland | <ul style="list-style-type: none"> - Hannes Heimisson, Ambassador of Iceland, Embassy of Iceland in Stockholm - Jan Hernik, Embassy of Iceland |
| Liechtenstein | <ul style="list-style-type: none"> - Alina Brunhart, Second Secretary, Mission of Liechtenstein to the EU |
| Financial Mechanism Office | <ul style="list-style-type: none"> - Tori Hoven, Head of Programmes Department - Linn-Kaja Rogstad, Senior Country Officer – Poland - Sveinung Brandsøy – trainee |
| National Focal Point - Ministry of Development Funds and Regional Policy | <ul style="list-style-type: none"> - Marcin Horała, Secretary of State - Maciej Aulak, Director, Department of Assistance Programmes - Małgorzata Zalewska, Deputy Director - Magdalena Iwaniecka, Deputy Director - Aleksandra Guzowska, Head of Implementation and Institutional Support Unit - Aneta Krzywicka, Head of Implementation Unit - Monika Zawistowska-Wąsik, Head of Monitoring Unit - Anna Cieśla, Head of TA Unit - Paweł Nowak, Head of Communication Team - Małgorzata Głowacka, Communication Team - Małgorzata Rybarczyk, Certifying Authority - Danuta Jakóbczyk, Head of the Unit, Certifying Authority - Katarzyna Kott, Audit Authority representative - Ewelina Augustyniak, Chief Specialist - Agnieszka Sprzeczka, Chief Specialist - Marcin Skrycki, Chief Specialist |

1. Opening remarks

On behalf of the Minister Grzegorz Puda Secretary State Marcin Horała greeted all participants, presented the scope of Ministry's activities and summed up the implementation stage – the contacting phase is being finalised: so far over 860 projects were granted financing, chosen from almost 3 600 applications within 42 open calls.

It was emphasised that the current main risks - the COVID-19 pandemic, the war in Ukraine and the global energy crisis are external factors that couldn't have been envisaged and predicted at any time.

The decision of Donors of non-extension of the eligibility period causes that the tight schedule of the EEA and Norway Grants implementation becomes the biggest challenge Polish side is struggling with and for sure it will have its consequences. Donors flexibility of re-shaping the programmes is welcomed. Polish side counts on clear rules to be used for non-completed projects.

Chair Leif Trana, thanked for the opportunity to meet directly, underlined aid of Polish government and citizens to Ukraine fighting against Russian aggression. He expressed his concerns of democratic backsliding in Poland, and the importance of respecting common European values and underlined that EEA and Norway grants are based on the legal system rooted in those values. He voiced for continuing discussion and cooperation to ensure that common values are underpinned. He also thanked NFP for risk management activities in relation to the current challenges and underlined quick proceedings in the area of making use of EEA and Norway grants for the humanitarian aid. As to the decision of non-extension of

eligibility period, he outlined the decision was considered thoroughly by Donors. The flexibility has been given as a risk mitigation measure to get the best results, with an incentive to look for the reallocation potential.

Iceland's Ambassador to Poland, Hannes Heimisson announced the opening of Iceland Embassy in Warsaw in December and confirmed being in dialogue with PL side. Iceland shared the concerns of NOR side about the respect of democratic values.

Alina Brunhart, Mission of Liechtenstein to the EU thanked Polish NFP and all parties for the all efforts while implementing the funds including cutting the red tape wherever possible. She complemented the realization of Education programme. Liechtenstein shared the concerns regarding democratic backsliding.

2. Annual Strategic Report 2021/2022

It was stated by PL side, the Strategic Report, was submitted to Donors in September 2022 and is covering the period since July 2021 till August 2022. It provides complex and detailed picture of the situation and challenges.

Strategic Report was assessed as excellent one and was approved by Donors with no remarks.

3. EEA and Norway grants in Poland progress and risk assessment

PL side presented the overview of EEA and Norway grants in Poland, enhancing the calls status (42 calls for proposals, almost 3 600 applications submitted, 867 projects granted financing till now, more than 65% bilateral); outstanding bilateral cooperation; financing (over EUR 171 million - total certified expenditures till the end of September 2022, 25% of the allocation, slow growth noticeable despite the current global challenges).

The programmes were indicated into 3 phases of implementation:

- the initial phase (Local development, Justice and Environment) – programmes at the highest risk of not completing the projects on time of the eligibility date bearing in mind projects' required implementation period; some results in these programmes cannot be achieved;
- the middle implementation phase - projects contracted, results are in progress and some delays are recorded but most of the projects still feasible (Health, Culture, Home Affairs, Innovations);
- advanced phase - results are already partly visible (Basic and Applied Research, Education).

PL side expressed the opinion that the non-extension decision of Donors causes challenges within EEA and Norway grants implementation. Their view is also that the risk management is currently limited

Donors confirmed they appreciate risk analysis done by PL NFP. They share NFP effort to maximise the outcomes and are open for the discussion about further flexibility. Donors are very interested in achieving the best possible results

PL side outlined its engagement to use efficiently the allocation given under EEA and Norway grants - as Poland used to do with all the funds within recent years. However the current risks make it challenging.

Programmes were presented one by one with special focus on implementation, contracting, disbursement, risk factors, challenges, communication and partnership. Additionally, in light of the decision of non-extension, the donors were informed about POs plans for allocations, re-shaping the programmes and possible achievements.

NFP expressed deep concern for the implementation period deadlines and no time margins especially in case of infrastructural projects (only one construction seasons left). Increasing prices are also a challenge making the promoters provide additional co-financing (project modifications, providing own resources, requesting for additional public financing, loans).

- In Business Development and Innovation, Donors were satisfied with positive response to additional blue growth call, big number of partners in the programme and pointed out that having reserve list would be useful in case of withdrawals or reallocation.
- As for Research programmes, Donors were satisfied with progress in both programmes, excellent relations with DPP. The challenging implementation schedule of the CRIOS project under Basic Research was mentioned. Both POs engagement in the support to Ukrainian researchers under Bilateral Funds was very appreciated and had a very good potential for communication purposes.
- As for Health, good relations with DPP and commitment in PDPs implementation were pointed out. The involvement of PO in Covid challenges was underlined and the concerns of the implementation of pilot models within the call were expressed due to big delays. Donors voiced a comment on the pregnancy registry asking if this could have potentially impact on Health programme.
- As for Local Development, the solid cooperation between PO, municipalities, DPP and OECD was earmarked. The absorption of refugees by the local communities were pointed out and the Donors expressed willingness to support the municipalities directly through the JCBF. Although the global risks remains valid, big potential of the programme was outlined.
- The challenges in time shortage and global risks in Justice were discussed. The concern for the huge delays and the need to potential cancellation of PDP *Preventing violence against the elderly and the people with disabilities* – due to delays – was shared by both Donors and NFP. Decisions are to be taken by PO by the end of January 2023. Donors appreciated the flexibility of the PO and NFP - and encouraged further monitoring of the situation and additional downsizing if necessary. Focusing on current implementation of Justice programme, without introducing new measures, was strongly recommended by Donors. The Donors underlined that the judiciary reforms closely linked to the Justice Minister and the Justice programme has a high reputational risk and continues to be criticized both in Norway and Poland. In Home Affairs, Donors noticed risk connected to the capacity of law enforcement institutions, engaged in counteracting COVID pandemic and the war in Ukraine. It is important to keep monitoring the risks, keep in touch with all stakeholders including DPP.
- Donors congratulated the smooth implementation of the Education programme and highlighted the strong bilateral component of the programme Workshops for Ukrainians under Bilateral Fund were very much appreciated.
- As for Climate, it was stated that the non-extension decision hits the programme very hard. Internal reallocation seems to be a good solution in this case and is strongly supported by Donors. It will obviously have influence on the results, however reduction of CO2 is a priority as an overarching goal. The pragmatic approach to make an effort to achieve as much as possible was outlined. Necessary MoU amendment will follow and it's important to make them as soon as possible as to enable the internal reallocations. The project withdrawals from the programme remains a high risk.
- As for Culture, Donors acknowledged the presented implementation progress and pointed out visibility of bilateral component and high number of partners from donor states. The issue of Żeromski Theatre is finally resolved but Donors highlighted the need to avoid these type of issues in the future. The payment delays were mentioned as one time experience, underlying lessons learnt. Donors informed on an external review of Culture programme to be made soon – to underline the importance for the EEA and Norway Grants not to be involved in any form of democratic backsliding. This is very important for the domestic audience in Norway. FMO presented state of play in Donors' managed programmes.

- In ACF national over 500 projects were selected which exceeds 7 times the allocation; FO with its knowledge of the sector, experience and transparent procedures is perceived as a solid one, supportive to civil society.
- ACF regional offered grant to over 300 regional NGO, including activities towards Ukrainian refugees. Donors assessing the programme as well progressing.
The comment on lex Czarnek 2.0 law was given by the Donors that it could hinder access for NGOs to schools and have implication for the part of the Active Citizens Funds that does civic education.
- Social Dialogue and Decent Work - 15 projects are in implementation. There is lack of progress in PDP project and there is not enough time for its implementation. The FO had not received any answer of the Ministry of Family and Social Policy. The discussion on cancelling PDP is ongoing. There is a strong recommendation from the Donors and the FO that the PDP project promoter should resign from implementation. The contracted amount should be reallocated to the nine projects on the reserve list. The NFP is of the opinion that the decision lies on FO side.
- Fund for Regional Cooperation - 21 projects are in implementation with 7 Polish entities involved
- Fund for Youth Employment - 34 projects in implementation with 14 Polish entities involved, 3 of those as leaders.

4. Risks assessment overview and mitigation measures

PL side emphasised that the decision of non-extension the eligibility period announced at the beginning of September was a huge disappointment. As the decision on non-extension was announced a year and 8 months before the end of the eligibility period, the field of activity is very narrow and not sure that all goals will be achieved.

PL side appreciates the possibilities to ease the implementation of the Programmes like the possibility to modify the scope of projects and the possibility to transfer the funds within and between outcomes for some of the programmes. The ability to grant savings to the projects experienced exceptional price increase both in hard and soft measures was much appreciated. PL side welcome the ongoing discussion on uncompleted projects and decisions made in this regard.

According to PL side, there is no possibility for the reallocation between programmes as none of POs is ready to return already committed funds. Some POs are ready to absorb additional funding.

The external risk factors (war in Ukraine, energy crises, inflation) are still active and unpredictable and their impact on the projects is difficult to estimate at the moment. NFP stays in close dialogue with POs (they are in contact with PP) but at this stage it is very difficult to assume the allocation use, and the results to be achieved.

Sharing experiences and close dialogue are extremely important. NFP would like to take part in meetings and workshops organised by FMO (including POs meetings) to be in the loop and fasten any decision making processes.

MoU modification is being processed. The modification includes: Climate programme (modifications on % within the scope of the programme), shifting of funds between TA and BF, reallocation of funds from Culture programme (PL side proposed it goes for Education programme) and Decent work programme (regarding decisions to be taken on PDP).

Donors understand the challenges with the reallocations nevertheless recommend to look for opportunities in this regard. Donors agreed with the risk assessment and encouraged to use all the flexibility given. The implementation is the key point and a lot of activities are now being operational. FMO instructions how to close finished and unfinished projects were mentioned.

NFP pointed out that the collected information in this regard was shared with POs and that reallocation between programmes is possible.

5. Communication

PL side presented key NFP's communication activities in 2021, like:

- co-organization of the Norway and Iceland- related events within the 5th Nordic Talking Festival in Gdynia on 21-22 May 2022
- organisation of the a classical music concert performed by Maestro Vadim Brodski
- EEA and Norway Grants advertisement in the on-board magazine of LOT Polish Airlines Kaleidoscope in November 2022 issue.
- a temporary exhibition of painting by the artists of the Nordic countries – in part covering Icelandic and Norwegian painting– in the National Museum in Warsaw

For next year NFP plans:

- preparatory work on a tender for an open-air exhibition presenting Poland's cooperation with Norway, Iceland and Liechtenstein, on the basis of Polish state archives collections
- starting the preparatory work on an order for a storytelling campaign in 2023 regarding EEA and Norway Grants projects.
- Continuation of campaign in social media, a new chain in Instagram will be opened.

Donors appreciated a number of promotional initiatives, encouraged the social media usage. Donors welcomed very much the idea of storytelling and pointed out the activities towards Ukrainians (from BF) could be here also included.

6. Bilateral cooperation

The current status of BF was presented in a nutshell by PL side. The BF budget goes for EUR 19,686,000, covering EUR 4,350,000 allocated to the programmes in the MoU and EUR 15,336,000 to be managed by the NFP and under JCBF supervision (including 1 mln EUR after MTR review and 2,5 mln EUR transfer from TA – PA modification process ongoing). 38% of the total BF allocation has been already spend. In Work Plan initiatives status - 8 are already concluded and 13 are ongoing (including 4 related to Ukraine refugee crisis).

The extraordinary activities towards Ukraine were outlined:

- Support for the activities of the Polish Medical Mission (1 million EUR) to purchase medicines
- Support for the Polish Medical Mission (1 million EUR) for activities related to supporting refugees in Poland - care for young children and their guardians in the form of financing the clubs and workshops for parents/children - in cooperation with NGOs/municipalities
- Support for PCK Polish Red Cross (1 million EUR) to fund vouchers for refugee families
- Support for Lewiatan Confederation (400 000 EUR) for activities aimed at activation of Ukrainians (help in finding housing and jobs) and preparation of companies to employ Ukrainians in the form of guidelines.
- Support for Education Programme Operator to organize an open call to organize summer workshops for refugees in Poland (1,6 million EUR) - carried out under the “expression of interest” format.
- Activities of POs in Research programmes to use BF to finance activities towards Ukrainian researchers

JCBF conducted the day before AM was a great occasion to look closer at the Bilateral Funds in Poland and take further decision on financing new bilateral initiatives.

Donor side outlined constructive cooperation under JCBF framework and flexible actions taken due to refugee crisis.

7. Management and control system

PL side stated, Management and control system (MCS) at national level was not subject to changes in 2021/2022. The same refers to the MSC of programmes. Small changes within detailed procedures were introduced (simplifications like resignation from a hard copy of document) to improve audit trail but it had no impact on MCS.

30 audit operations have just been carried out by the Audit Authority. No random financial errors were found. In 2022, the Irregularities Authority submitted 1 report on new irregularity detected in project under Education programme and 3 reports on new irregularities in Education and Culture and 3 reports on new irregularities in activities under BF (Culture, Education).

The total amount of imposed financial corrections in 2022 amounted to ca. EUR 233,000 under the programmes and ca. EUR 6,700 under the Bilateral Fund. In total it is less than 0,1 % of the allocation.

PL side pointed out on that many audits/monitoring/controls are taking place simultaneously for concrete programmes (like Climate) and more coordination is welcomed here.

Donors thanked for good cooperation of NFP, AA and IR and underlined very good and accurate forecasting.

8. Conclusions and closing remarks

In closing remarks, PL side outlined the start of EEA and Norway grants negotiations for the next financing period pointing its engagement on the issue.

The continuation of risk analysis on a regular basis was declared. PL side acknowledged to keep informing Donors about the reallocation possibilities (if there will be any), the distribution of savings and other issues in the implementation phase resulting from global economic challenges.

Donors thanked for cooperation and encouraged to work together to reach as many results as possible.