

PL Annual Meeting - minutes
Warsaw, April 27th , 2023

Norway	<ul style="list-style-type: none"> - Jon Erik Strøm, Director of the Section for Central Europe and the EEA Grants (Head of Delegation) - Lars Børresen, Senior Adviser at Royal Norwegian Ministry of Foreign Affairs - Anniken Kleven Gasser, Counsellor, Royal Norwegian Embassy, Warsaw - Karina Gradowska-Karpińska, Adviser, Royal Norwegian Embassy, Warsaw - Erlandsen, Anniken Elise , Intern, Royal Norwegian Embassy, Warsaw - Gjerde, Kjartan Kaatee, Trainee, Royal Norwegian Embassy, Warsaw
Iceland	<ul style="list-style-type: none"> - Hannes Heimisson, Ambassador of Iceland, Embassy of Iceland in Poland - Jan Hernik, Embassy of Iceland
Liechtenstein	<ul style="list-style-type: none"> - Alina Brunhart, Second Secretary, Mission of Liechtenstein to the EU- on line
Financial Mechanism Office	<ul style="list-style-type: none"> - Eva Klove, Head of Priority Sectors Unit - Katrine Steinfeld, Head of Country and Bilateral Unit - Linn-Kaja Rogstad, Senior Country Officer – Poland - Sveinung Brandsøy, Junior Professional
National Focal Point - Ministry of Development Funds and Regional Policy	<ul style="list-style-type: none"> - 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 - Konrad Łaciński, Head of Legal Unit - Danuta Jakóbczyk, Head of the Unit, Certifying Authority - Jarosław Gawinowski, Chief Specialist, Certifying Authority - Izabela Wichlaj, Audit Authority representative - Małgorzata Głowacka, Communication Team - Ewelina Augustyniak, Implementation Unit - Agnieszka Spręcicka, Implementation Unit - Marcin Skrycki, Implementation Unit

1. Opening remarks

On behalf of Minister Małgorzata Jarosińska – Jędynak who became responsible for EEA and Norway Grants recently Director Maciej Aulak greeted all participants and summed up the implementation stage.

It was emphasised that the current main risks - the war in Ukraine, inflation 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 has its consequences now. Nevertheless the ultimate goal is to use the allocation as efficiently and effectively as possible. Donors flexibility here is extremely welcomed and appreciated and is now being used. Cutting the red tape as regards PAs, MoU amendments is worth analysing. Polish side counts on clear rules to be used for non-completed projects, which are expected in the current funding period. PL side counts on the swift conclusion of negotiations between EEA and European Commission and prompt start of the bilateral negotiations in order to use the existing potential of EEA and Norway grants and maintain the experienced staff within the implementation framework created.

Mr Jon Erik Strøm, on behalf of the Donors, thanked for the opportunity to meet face-to-face, underlined aid of Polish government and citizens to Ukraine fighting against Russian aggression. As to the decision of non-extension of eligibility period, he outlined the decision was considered thoroughly by Donors and cannot be changed as the current EEA and Norway grants period is already 2 years longer than the previous one. Donors keep the constructive talks with

beneficiary countries to achieve maximum outcome and are open to flexibility measures. As to future perspective, Donor side confirmed the message to avoid the gap is well received. The dialogue between Donors and European Commission is being continued since June 2022 and all the effort is being taken by the Donors to reach the above. The continuation of cooperation with PL NFP is welcomed for the future. Norway expressed the concerns of democratic backsliding in Poland, and the importance of respecting common European values.

Ambassador of Iceland to Poland, Mr Hannes Heimisson thanked for the organization of meeting and expressed gratitude for very good projects he visited so far under EEA and Norway grants. Iceland shared the concerns of Norway about the respect of democratic values and human rights.

Ms Alina Brunhart, Mission of Liechtenstein to the EU thanked Polish NFP and all parties for all the efforts while implementing the funds. Liechtenstein shared the concerns regarding democratic backsliding.

2. EEA and Norway grants in Poland – overall status

PL side presented the overview of EEA and Norway grants in Poland, presenting the calls' status (42 calls for proposals, almost 3 600 applications submitted, 889 projects granted for financing till now, more than 65% bilateral); outstanding bilateral cooperation; financing (over EUR 219 million grant - total certified expenditures till the end of December 2022, 32% of the allocation, slow growth noticeable despite the current global challenges).

The programmes were indicated by PL NFP into 3 phases of implementation:

- the initial phase (Local development, Justice, Innovations, Health, and Environment). These programmes are at the highest risk of not completing the projects on time of the eligibility date bearing in mind projects' required implementation period or not signing the contracts, not completing the public procurement procedures and non-use of the allocation, low level of expenditures, some results in these programmes will not be achieved;
- the middle implementation phase - means that projects are contracted, results are in progress, expenditures are incurred and some delays are recorded but most of the projects as still feasible (Culture, Home Affairs);
- advanced phase - 3 programmes are well advanced and their results are already partly visible, some expenditures are up to 60% (both Research and Education).

Unfortunately the group of risky programmes is growing compared to last Annual Meeting in Autumn 2022.

PL side asked the Donors to consider the reallocations after April 2023. NFP keeps monitoring the programmes and cannot exclude that as a result of risk analysis there might be a need for further reallocations, if identified in the future. PL side opts for a dialogue with the Donors if such a need arises with a solid background and justification. And with the flexible approach towards the procedures to be used as the information could go by the end of eligibility period and there might be no time for regular MoU/PA modification.

Donors confirmed they appreciate the risk analysis done by PL NFP. They share NFP effort to maximise the outcomes and are open for the discussion about further flexibility. Donors appreciate the success of Research and Education programmes and the participation of Ukrainians researchers in Research programmes; they realised that in some programmes the risks are high and it would not be possible to implement some projects and achieve some outcomes – in these cases reallocation is welcome. The Donors advise to look for solutions within and outside programmes – reallocation from Health to Local Development programme is a good example of risk management. The deadline for reallocation is April 2023, however,

after this date in justified cases the proposition of reallocation may be considered by the Donors – the feasible propositions are to be examined by the Donors.

3. EEA and Norway grants in Poland – programme by programme

- As for Education and Research programmes the Donors are satisfied with good spending, great bilateral cooperation and good response for challenges – like those towards Ukraine. The donors are particularly pleased with the inclusion of Ukrainian researchers in the Programme. PL NFP sees some risk – the end of many projects is in April 2024 so there is no time margin, some projects risk of not-reaching the indicators. There are proposals on the table to use savings for bilateral cooperation – Basic Research (like continuation of CRIOS project), possibly one additional call for study visits in the Education Programme.
- In Business Development and Innovation NFP points out main risks as slow spending and withdrawals before or after signature of contracts, in spite of over-contracting tool being used exceptionally within this programme (on the basis of the agreement with PL Ministry of Finance). There might be unused funds identified within the programme at the later stage. Donors welcomed the over-commitment measure as a very important tool undertaken by PL side to maximise the results of the programme and hope for optimisation of the absorption rate. There is the potential for future reallocation of unused funds to other programmes/bilateral fund where absorption is more likely.
- As for Culture NFP points out as a main risk the lack of time left as many projects finish in spring 2024. The Silesian Museum has already declared that the project will not be finished on time and the savings in Polin Museum are managed with the PO's approval. The closing conference is planned for October 2023 in Gdańsk. The importance of cultural activities for the bilateral relations were pointed out by Iceland with its new Embassy in Warsaw. In Climate programme the NFP identified the biggest risks as withdrawals from contracts, risk of non-completion of projects and not reaching the set indicators. To mitigate the risks PO uses flexibility tools like reallocations within the programme, additional calls for utilisation of savings for already approved projects. Donors realise that the programme is complex and challenging, and the need to concentrate on what is possible to achieve in short time. Donors appreciate all the efforts undertaken so far and confirmed that achieving planned results in short time is challenging. Donors asked for details as there was a complaint on payments' delay. NFP has already requested PO to provide information on that issue and will monitor the payments. PO declared to revise the rules and introduce simplifications if possible.
- As for Health NFP outlined the recent reallocation as an important element of programme management. Short time for implementation of telemedicine models under 10 open call projects is a challenge to be closely followed. Due to huge delays and limited spending the programme needs close monitoring. The Donors perceive the reallocation as a good step, as well as progress in PDP projects, there is a need of big attention and cooperation of all sides to this programme.
- In Home Affairs programme, the Donors appreciate good level of implementation and spending in spite of war and refugee crises that influence this sector. They also appreciated the mitigation measures that have been implemented to manage the savings within the programme. The NFP points out that reallocation to the Bilateral Fund is planned. The NFP considers that there is a risk of savings at the final stage of implementation. The Donors urged the NFP and PO to continue following up on the recommendations from the monitoring report.
- As for Justice NFP sees the main risk being tight implementation schedule. Under PDP 1 the investment contracts are signed but with very tight schedules. PO has expressed it will resign from trainings for inmates. In module 2, savings for "Ambassadors Programme" are predicted to be reallocated to Bilateral Funds. 22 Small Grants Schemes project contracts have been signed and implementation is ongoing. The activities under PDP3 have not

started yet and the allocation of EUR 1.5 million needs to be seen as at risk. There are some savings identified already now – the PO is still working on the proposal of its utilisation. (for example on new investment facility under PDP1 and/or restorative justice idea) but for this the close cooperation with all parties – DPP, FMO, NFP – is required. And probably there will be a necessity to modify percentage between soft and hard measures in MoU (if justified). Donors perceive the programme as being of huge interest, see the programme challenges, regret that soft measures are suffering. They underline the necessity of close cooperation also with DPP, FMO, PO, NFP in programme implementation, especially when it comes to the savings management. FMO declared to facilitate the process of PA amendment as regards the solutions being discussed between the partners. Due to the complex nature of the programme, limited spending and bilaterally important programme area, the Justice programme needs to be closely monitored by all parties.

- In Local Development programme reallocation was proceeded very smoothly due to the engagement of all parties (with no increase of the management costs and with co-financing added). PO works within the framework of CC on the rules for distribution of additional funds. There is still a potential to absorb more funding in this programme. Municipalities are at the stage of tenders finalisation and very often prices given by the contractors are much higher than estimated – If the communes will not find extra money in local budgets they will resign unless they receive additional grants. In such cases the projects need to be re-oriented or scaled down. Non - completed projects are predicted. The uncertainty makes this programme still risky. The Donors' flexibility as regards to the "best effort approach" in achieving the targets as well as the ambitious of MoU as regards the relation between soft and hard measures was outlined. Bilateral cooperation is ongoing well, also for towns with no partner. Accessibility measures are ongoing. Donors understand that there is a difference in the level of implementation between the municipalities. Monitoring of the situation and close dialogue needs to be continued and the absorption capacity (also for the future) needs to be closely monitored.
- In programmes managed by the Donors: Active Citizens National and Regional Fund, Social Dialogue and Decent Work, Fund for Regional Cooperation and Fund for Youth Employment most of projects is completed and the disbursement is high even up to 90%. The savings are going to be managed. Within Social Dialogue and Decent Work 1 million EUR from withdrawn the predefined project was allocated to Polish projects. Donors highlighted the importance of NGO's projects for EEA and Norway Grants and expressed concerns about the media attacks towards the Fund Operator for ACF National – Batory Foundation.

4. Risks mitigation measures

PL side thanked for reallocation instrument – it has been used successfully and there might be still a need of its use in future, possibly in Innovation, Climate or Justice. At the same time there are still programmes that can absorb additional funds, like Local development. PL side appreciate the dialogue with Donors on the issue and expressed that they would like quick proceedings to be used due to time shortage.

Donors are not "shutting the door" for reallocations but this would require good justifications after April 2023 Donors declared the willingness to decide quickly to make the process efficient and useful.

Another mitigation measure is a transfer of savings from programmes to Bilateral Fund. NFP outlines that thanks to this action human resources in PO teams who will conclude programmes could be used. And for sure POs are eager to such reallocations.

The NFP proposed that POs that wanted to transfer programme funds to BF need to have a clear proposal of its usage to be decided by JCBF. The NFP is of the opinion that the quite heavy bureaucracy - like PA and MoU modifications, JCBF decision, GRACE limitations with

EEA/NOR split etc. – needs a revision. The NFP is waiting for the FMO guidelines on the simplification of the Bilateral Fund.

- With regard to the Bilateral Fund there is an issue of payment for audit report. Assuming that funds will be reallocated to the Bilateral Fund, many initiatives will probably finish in April 2025. In that case there will be no possibility to finance the audit reports (being the confirmation of initiative costs) within the eligibility period. The NFP sees that the audit report needs to be delivered and paid after April 2025 in order to not to shorten the eligibility period for the initiative itself. The Donors thanked for the proposal that is an example of forward looking and declared further discussion on the issue with FMO to be followed.
- For the future mechanism, the PL side outlined the programming process needs some modifications in comparison to the current Mechanism as it was a long process and finds this too risky. All the detailed information in MoU/PAs results in constant modification which takes time. PL side shared with FMO their lessons learned and hope they will be taken into consideration.
- As for non-completed projects, PL side has no experience and is looking for guidelines from the Donors on this. The PL side is also expecting the guidelines of project/programme closure, which are being prepared by FMO and supposed to be shared with us in the second half of 2023.

Donors thanked for input for the future approach, ensured about the flexibility and promised to get back to the issues above. Donors thanked for the input for the future approach and promised to get back on the issues above. The Donors clarified that the mechanism cannot be built on crisis mode. The flexibilities given this period have partly come because of delays caused by COVID-19 and ripple effects of the war in Ukraine on the Beneficiary States. Lessons learnt from the period, including from the given flexibilities due to the exceptional circumstances, will be brought into the discussions for the future mechanism.

5. Communication and Bilateral Fund

PL side outlined that BF is important tool, worth to be financed and perceived also in future perspective. Cooperation with JCBF is working very well. There are about 2 million EUR unallocated so far under JCBF but there are ideas how to use it.

For communication, storytelling campaign is being prepared as well as an exhibition with Polish National Archive on cooperation with the Donors' countries.

The social media campaign is being proceeded, an account on Instagram for EEA and Norway grants has been opened.

6. Conclusions and closing remarks

PL side outlined, it will continue risk analysis on a regular basis and keep informing the Donors about the reallocation possibilities (also after April 2023).

Good cooperation and flexibility in handling the grants is to be maintained – to make them efficient and satisfactory for both sides.

The next Annual Meeting is scheduled for 8-9 November 2023 in Warsaw.

The NFP will submit the strategic report end June 2023. The FMO has the right to request updated information including September 2023 if considered necessary for the FMO in preparation for the Annual Meeting in November 2023.