



SPAIN

MINISTRY OF FINANCE AND PUBLIC ADMINISTRATIONS

EEA FINANCIAL MECHANISM 2009-2014

STRATEGIC REPORT

November 2011 - June 2013

National Focal Point

Kingdom of Spain, Madrid 2013

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0. Executive summary

The purpose of the Report on the implementation of the EEA Financial Mechanism 2009-2014 in SPAIN is to give updated information on the preparation of the programmes during the period November 2011- June 2013. The report has been prepared by the Spanish National Focal Point.

The overall objectives of the European Economic Area Financial Mechanism 2009-2014 are to contribute to the reduction of economic and social disparities in the European Economic Area and to strengthen bilateral relations between the donor states and the beneficiary states.

Since all the programmes were approved and could start with preparations for implementing in 2013, it is not yet possible to assess how the chosen programmes have contributed to achieving the overall objectives. However the report presents an assessment of how the programmes are expected to help to address the Spanish development needs in respective priority sectors and contribute to long-term internal strategies.

The bilateral relations between Spain and the donor states were strengthened through events and mutual understanding. There were bilateral events, with launching of programmes and meetings with ample objectives.

1. Assessment of the contribution of the EEA Financial Mechanism 2009-2014 towards the reduction of social and economic disparities in the Beneficiary State

As established by the Position Paper, Spain requires a general reorientation of public spending towards research and innovation, support for SMEs, the quality of education and training; inclusive labor markets to promote quality employment and social cohesion and result in significant increases in productivity, integration of the objectives on climate change, and the transition to a low-carbon resource-efficient.

Then, it will briefly relate the goals of the Position Paper in order to achieve the Objectives of the EU 2020 Strategy with the Programmes of the Financial Mechanism in Spain.

- **Investment of GDP 3% in R&D**

Research, development and technological innovation are the powerhouse to fuel a model of sustainable, competitive and of high quality growth. Besides, this is a key sector for creating employment and for improvement of the productivity and social cohesion. Therefore, investment in R+D+ must be a priority of public expenses politics.

This priority is reflected in the State General Budget for 2013: Expenditure in research, development and civil innovation have not suffered any reduction at

all in respect to last year one, which is not the case with general reduction of 8,9 % of expenditures in the Ministries¹.

In spite of this important budget effort, it is necessary to do a responsible analysis of the Spanish situation nowadays in relation with investment in R&D. In year 2011 the expenses in R&D reached 14.184 million of euros, that was 2,8 % less than in year 2010. This cost was 1,33 % of GDP, that was less than in year 2008, in which this was 1,35 %. Nevertheless, the macroeconomic scenario and the need to achieve the established deficit objectives have obliged to revise the initial objective to reach an expenditure of 3 % of GDP in R&D, waiting for 2020 an investment of 2 % of GDP in R&D. In order to reach this objective, it is contemplated a remarkable growth of implication and participation of the private sector in this investment in R&D, which is now 0,70 of GDP.

Among the actions to promote R&D it is emphasized the reallocation of fond in order to facilitate the access for financing research and innovation.

- **Climate change and energetic sustainability**

Efficient use of resources, GHG reductions and contamination control contribute in a direct way to growth, as well as the increase of competitiveness in economy. That is why Spain has a compromise against climatic change and the achievement of an even more sustainable energetic system.

The objective of reduction GHG emissions is translated on one side in the need of reducing diffuse sectors emissions (not included in the European Union Emissions Trading System, EU ETS) in 10 % in year 2020 in respect with year 2005, which is responsibility of the Government, and on the other side, in reducing of Enterprises emissions, which are under the enforcement of EU ETS.

Emissions under the EU ETS have been reduced about 29 % since 2005, this was the year when this regime entered into force and are inside a common European objective according to enforcement of the third phase of EU ETS.

Actions in the field of diffuse sectors, which is the big challenge of the Government for 2020, are being planned in the frame of the road map for time fence 2020. There are initiatives which are already set up: the Climate Projects Programme, which is contributing to equivalent CO₂ verified reduced emissions of projects in Spain, and on the other side the PIMA Aire, which will contribute to a reduction of contaminant emissions when commercial vehicles fleet is renovated.

During the transition to a low carbon economy, removable energies have an important role. The Spanish participation in this type of energies at final consumption is about 16,05 %, which has a growing tendency, because on year 2005 it was only 8,41 5 of final energy.

¹ It is not the case of contributions for Social Security, SEPE and previous years obligations.

- **Education**

One of the principal planned objectives is to set early school leaving rate under 15 % and to achieve that 44 % of people between 30 and 34 years have third level studies.

School leaving rate in Spain (26,5 %) is double than in EU (13,5 %). Besides, this state of things has been maintained during the last decade. But in the last years early school leaving rate has been declining: it has passed from 31,9 % in 2008 to 26,5 % in 2011. For year 2012, the data of last quarter of 2012 are 24,9 % (Labour Force Survey).

But these data of early school leaving are quite different from those of people between 30 and 34 years of age with finished third level studies, this last rate is 40,6 %, therefore the European objective of 40 % is already reached, and the national objective is to reach 44 % in 2020.

- **The fight against poverty and social exclusion**

The actual economic context has had a clear impact over social vulnerability situations, that is, over those persons who live in poverty and social exclusion positions.

According to Statistic National Institute provisional data, AROPE rate² corresponding to year 2012 show a little decline (-0,2 percentage points, 26,8 %) in comparison with year 2011 (27%). It should be emphasized that this decline, although very little, it has happened in context of GDP decline and growing unemployment.

With the objective of fighting poverty and social exclusion, some different measures have been adopted, working in two distinct fields.

On one side, the active inclusion has been encouraged through employability directed measures. It is to promote full participation in society and economy and to amplify employment possibilities of these cohorts. In this way, the National Strategy for social inclusion of gipsy population is directed to promote employ in this cohort.

In a similar way, the Action Plan on drugs 2013-2016 contributes to addict rehabilitation, up whole formation, preparation and employability programmes.

On the other side, besides employability promotion, other actuations have been carried out directed to guarantee a context which promotes access to basic services, especially social services, education, healthcare and housing.

It is about promotion of effective helping services for children and families, with actuations such as II Childhood and Adolescence National Strategic Plan 2013-2016, which stresses especially on fight against child poverty.

Additionally, protection is increased for unemployed persons with family responsibilities in the context of professional qualification programmes for

² Is considered in poverty or social exclusion to the person who suffers a three shortcomings: lack of income, severe material deprivation or living in a household with low work intensity.

persons who end their protection against unemployment, this is done by increasing the level of the aid for beneficiaries with three or more dependants; this is done at the same time of enforcing elements for promoting work insertion of these persons.

Another cause of the current economic situation is the increasing number of families in an unemployment situation or without long-term economic activity, with big difficulties to comply with obligations derived from loans or mortgage credits in order to buy housing. These persons may increase their debts or even lose their first home.

Therefore, on one side, some mechanisms have been adopted in order to restructure mortgage debt for those who have extraordinary difficulties to pay, and flexibility for enforcing the security right. On the other side, it is allowed to stop immediately and during a two year term the eviction for families who are in a state of especial exclusion risk.

Table 1. Evolution of the objectives for European Strategy 2020

| OBJECTIVES | | 2011 OR LAST DATE SPAIN | 2020 EUROPEAN OBJECTIVE |
|---|---|-------------------------|--|
| Employment | Employment for 74% between 20 to 64 years of age | 59,3% | 75% |
| R+D | Investment of 2% of GDP in R+D | 1,39% | 3% |
| Climate change and energetic sustainability | Greenhouse gas emissions (-10% in relation to 2005) | 21% | -20% (in relation to 1990) |
| | 20% of renewable energies | 16,05% | 20% |
| | Increase of 20% of the energetic efficiency (final consumption of primary energy in 135 Mtoe) | 122Mtoe | 20% of the energetic efficiency equivalent to a final consumption of primary energy of 1.474Mtoe |
| Education | Early school leaving rates under 15% | 24,9% | 10% |
| | At least 44% of persons between 30 to 34 years of age must finish third level studies | 40,6% | 40% |
| Fight against poverty and social exclusion (1) | To reduce at least in 1,4%-1,5 million the number of persons in state or risk of poverty and social exclusion | 26,8% | 20 million of persons less in risk of poverty or social exclusion |

(1) It has been used as indicator the AROPE rate (At Risk Of Poverty and/or Exclusion).

Source: PNR of Spain 2013

1.1 Cohesion

1.1.1 Climate change and energy sustainability

The priority sector includes one programme – Environmental and Climate Change-related Research and Technology. This program relates different materials such as the Climate, Energy and Research Exchange. All these sectors are crucial

for the development of a country and contribute to reducing economic and social disparities.

An analysis of these sectors in Spain is included and in a second point are analyzed the impacts of the contribution of donor countries.

a) Contextual trends

The Community framework for adaptation to climate change is made in the Green Paper (2007), the White Paper (2009) and the European Strategy for Adaptation to Climate Change (2013).

Within this framework, the National Adaptation Strategies are considered essential tools to promote coordinated and coherent action in combating the effects of climate change. This need is justified by the variety and diversity of actors and agents of adaptation required to develop the tools and knowledge, the obligation of the state to promote sustainable development, stress the fact that the effects of climate change will have not administrative boundaries and that climate change will affect all sectors and critical natural resources for different countries.

According to the document "Climate change in Spain. Status report" prepared in 2007 by a group of experts to Prime Minister, Spain is facing, if not limited global warming, to a stage with, among others, the following risks:

- Increase in the average temperature of about 3°C in the last third of the century.
- Decrease in annual rainfall around 25%
- Loss of biodiversity, with a "Mediterraneanisation" North and South desertification.
- Increase in sea level of about 15 cm by 2050, which can cause coastal regression of up to 70 m in some areas.
- Increase of extreme events such as droughts, floods and forest fires.

In light of these risks, it is crucial for Spain, as for the whole of the European Union, undertake efforts to transform its business to a low-carbon economy that limits GHG emissions in all sectors.

In this framework, to improve the Climate Change we have to foster, among others, two sectors: R & D and low carbon energy

Supporting the shift towards a low carbon economy in all sectors

Spain has an energy model characterized by:

- High dependence on energy imports, around 80% compared to an EU average of just over 50%, according to Eurostat.
- A very low level of interconnection of the electricity and gas systems to the rest of Europe.
- A high energy intensity, understanding this energy consumption per unit of GDP.

- Emission levels of greenhouse gases must be reduced. According to this, energetic policy priorities during the last decades have been focused on increasing market liberalisation, on increasing transparency, on infrastructure construction, on the development of a balanced energetic mix and on promoting removable energies and energetic efficiency.

One focus of Spanish policy in this area has been the promotion of renewable energies. In late 2011, according to the MINETUR (Ministry of Industry, Energy and Tourism), renewables accounted in Spain 11.6% of primary energy consumption, 29.7% of gross electricity generation and 6.1% of biofuels in relation to consumption petrol and diesel. Renewables accounted for Spain in that year 15.1% of gross final energy consumption.

The main instrument of this axis has been the Renewable Energy Plan 2005-2010, which has been continued with the National Action Plan for Renewable Energy (PANER) 2011-2020 and the Renewable Energy Plan (PER) 2011-2020 currently under review.

As a result of this plan, in recent years there has been significant growth of renewable energies in Spain, especially in power generation technologies such as wind, solar photovoltaic and solar thermal, as well as the consumption and production capacity of biofuels for transport. However, these uses of thermal energy have seen slower than expected growth, and in the case of biomass, thermal and electric, lower.

b) EEA Grants' contribution

The objective of the programme Environmental and Climate Change- related Research and Technology is to achieve good environmental status in the next three targets:

- Reducing emissions of greenhouse gases.
- Increasing the share of renewable energies.
- Increased energy efficiency.

The situation, in each of these three indicators, is shown below.

a) Reducing emissions of greenhouse gases

National target: Reducing emissions of greenhouse gases by 10% in diffuse sectors relative to 2005 levels.

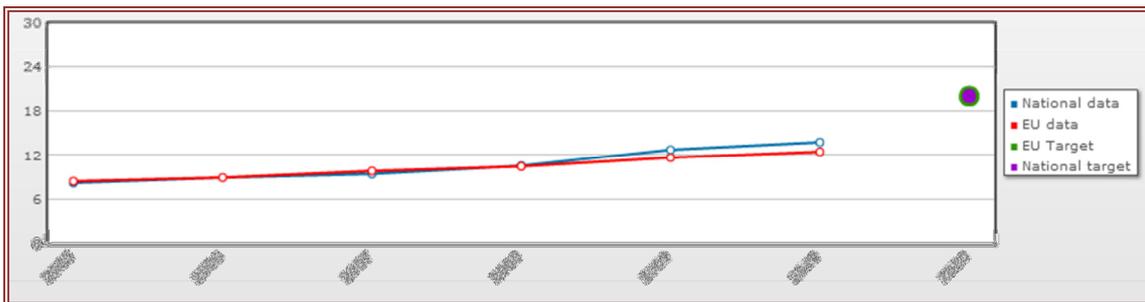
European target: Reducing emissions of greenhouse gases by 14% in diffuse sectors relative to 2005 levels.



b) Increasing the share of renewable energies.

c) National target: Increasing the share of renewable energy to reach 20% in final energy consumption.

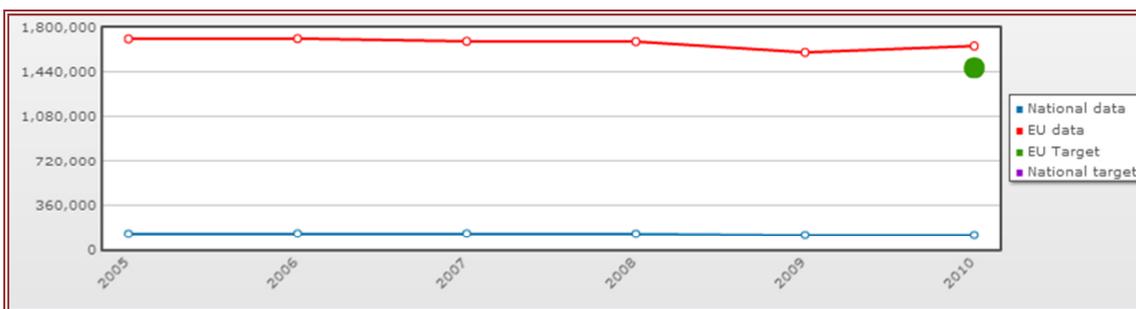
d) European target: Increasing the share of renewable energy to reach 20% in final energy consumption.



c) Increased energy efficiency.

National target: Increase energy efficiency by 20%, which implies a reduction in primary energy consumption of 25.20 million tonnes of oil equivalent.

European target: Increase energy efficiency by 20%, which implies a reduction in primary energy consumption of 368 million tonnes of oil equivalent.



Therefore, the contribution of EEA Grants to this programme is of great importance, is also the major contribution of all of them in Spain and so this program will help to reduce the gap that has Spain regarding European goals, since their lines of work are:

- Environmental technologies
- Climate Change and energy efficiency
- Renewable energies

The programme will support measures related to hydroelectric, solar, wind and marine energy sectors

1.1.2 Civil society

The priority sector contains one Programme - Fund for Non-Governmental Organisations. The Programme Operator is the Platform of NGOs for Social Action (POAS).

The Programme shall contribute to strengthening civil society development and enhance its contribution to social justice, democracy and sustainable development in Spain.

The strengthening of civil society will be achieved through four outcomes:

Outcome 1: Active citizenship fostered

Outcome 2: Increased involvement of NGOs in policy and decision making processes with local, regional and/or national government

Outcome 3: Cross sectorial partnership

Outcome 4: Developed networks and coalitions of NGOs working in partnership

a) Contextual trends

Following the main objectives of the EEA Mechanism, the improvements will contribute to reduce economic and social disparities in Spain, allowing NGOs to be a real actor of social change and empowering users to participate in the decision-making process regarding social inclusion and prevention of discrimination. In fact, the potential beneficiaries of the programme focus their activity on the human rights including minority rights (ethnic, religion, linguistic and social orientation) and the most vulnerable groups including child and youth people at risk of exclusion. They also foster participative democracy by fighting

against the discrimination, racism and xenophobia, and gender balance including in rural areas.

Strengthening cooperation and mutual support: The programme will focus on a higher involvement of the NGOs in Spain in policy and decision making, development of partnerships and networks strengthen its capacity to have a suitable development. These NGOs play a crucial role to promote social inclusion of people at risk of social exclusion (11 million) and to combat discrimination in all its forms. A better communication and articulation of NGOs with policy makers and public authorities will have an impact in the social model, allowing local, regional and national authorities to tackle better the situations of poverty, with a better strategy coordinated with NGOs, avoiding duplication of resources and services, and setting up a more useful system of services for beneficiaries.

The Third Social Sector (TSS) in Spain is formed by 29,000 entities, which act in the most varied areas and could develop numerous initiatives of interest in the framework of the EEA programme. It is beyond doubt that these Funds will not be able to provide a response to all these potential demands and that they will need to be managed in a very strategic and selective manner.

The percentage of people at risk of poverty or social exclusion, measured in terms of Arope indicator exceeds 40% in Bulgaria (47.1%), Romania (40.4%) and Latvia (40.1%) presented values between 25% and 35% in Lithuania, Greece, Ireland, Italy, Poland and Spain, and is below 20% in 10 Member States (Germany, France, Slovenia, Denmark, Luxembourg, Finland, Austria, Low Countries, Sweden and Czech Republic).

The evolution of the rate of risk of poverty or social exclusion in Spain from 2004 to 2012 is forecast, according to the Survey of Living Conditions of the INE (National Institute of Statistics), the following:

The rate that, in general, had been decreasing since 2004, generally increases from 2009 and especially in 2010 and 2011. 2012 forecast a slight decline in the rate for the general population, although there would be more women and men between 16 and 64 and men under age 16 in poverty or at risk of social exclusion compared to 2011. The forecast for 2012 is that more than 26.8% of the Spanish population at risk of poverty or social exclusion. Between different groups highlights the foresight of women and girls under 16, the risk of poverty is estimated at over 30%.

c) EEA Grants' contribution

The objective of the Programme is to help to improve the status in the following targets:

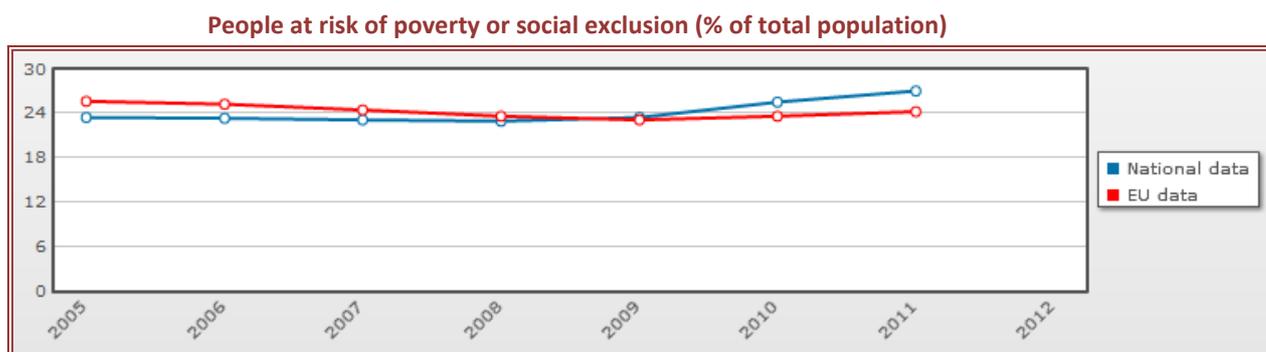
Distance to the objectives of Europe Strategy 2020

| |
|--|
| European target: 20 million fewer people at risk of poverty or social exclusion |
|--|

National target: 1.4-1.5 million fewer people at risk of poverty or social exclusion.

Poverty levels are high in Spain, child and youth poverty being the most notable problem. In recent years crisis has worsened the situation, the relative poverty rates have increased slightly and strongly the general youth poverty. These objectives seem too ambitious in the current situation but are designed measures and policies to fight for approaching this goal.

Current and past situation shown in the following graph:



To improve this situation, the Spanish NGOs will carry out, with funds from donor countries, the following activities:

- a) Fostering active citizenship and participatory democracy, including grassroots/local level
- b) Advocacy, watchdog and monitoring activities
- c) Awareness raising activities
- d) Multicultural dialogue activities
- e) Participation in policy and decision making processes
- f) Capacity building and organizational support to NGOs
- g) Strengthening governance in membership based NGOs
- h) Network and coalition building
- i) Mutual learning and dissemination
- j) Education and training activities

Many NGOs have cooperated very well with the local authorities and the funding from the Norwegian Cooperation Programmes will make possible to implement many good projects with a huge local impact.

1.1.3 Programme Gender equality and work life balance

a) Contextual trends

Member States of the European Commission should pursue the objective of equality between men and women as set out in Article 8 of the TFEU and ensure its mainstreaming in the preparation, implementation, monitoring and evaluation of actions under all the CSF Funds. ERDF, ESF and Cohesion Fund programmes should explicitly specify the expected contribution of these Funds to gender equality, by setting out in detail objectives and instruments. Gender analysis should be included in the analysis of the objectives of the intervention. The participation of the relevant bodies responsible for promoting gender equality in the partnership should be ensured. It is strongly recommended to organise permanent structures or explicitly assign a function to existing structures to advise on gender equality in order to provide the necessary expertise in the preparation, monitoring and evaluation of the CSF Funds.

Monitoring systems and data collection are also essential to provide a clear picture of how programmes are meeting gender equality objectives. In this respect, rather than a general requirement to address these issues in all evaluation activities, it is recommended that managing authorities, in conjunction with the monitoring committees, should undertake either general self-assessment exercises, specific evaluation studies or a structured reflection focusing on the application of the gender mainstreaming principle.

Member States should take appropriate steps to prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation as well as to ensure accessibility during the preparation and implementation of programmes and operations co-financed by the CSF Funds and describe explicitly the actions to take into account this principle in the programmes.

In Spain, the Authorities Funds Management shall ensure the involvement of the Institute for Women's MSSSI, as the national agency responsible for promoting equality between women and men in the process of drawing up national programs.

Their participation throughout all stages of program implementation will be: preparation, management, monitoring and evaluation, also form part as full members of the Monitoring Committees, are seeking a balance in women and men.

To achieve an effective integration of the principle of equality in the programs, have taken into account the following measures:

- With regard to priorities: Programs will identify investment priorities and specific objectives collecting data disaggregated by sex, gender gaps, the proposed actions to reduce them and the objectives and indicators proposed.

- The financial plan will indicate the level of resources dedicated to the promotion of gender equality, both positive measures and cross.
- The communication strategy will ensure the observance and application of the principle of equality by adopting a gender perspective in it.

b) EEA Grants' contribution

It will have to achieve an effective integration of the principle of equality in the implementation of the program, for which the following measures were taken into account:

- In the management of the projects, the existing gender gaps and equality objectives and proposed indicators will be taken into account. Specific actions deemed necessary to reduce the gaps identified will be implemented, where appropriate.
- The use of social clauses in the draft, according to the law in force to promote equal opportunities between women and men will be promoted.
- Criteria on projects that integrate the promotion of equality between men and women, especially through a balanced participation of women and men will be established.
- The annual implementation reports include information on the implementation on the promotion of equality between men and women.
- In the communication strategy of the program, the contribution of women in projects has to be seen. This strategy will promote the diversification of media and information channels and advertising to ensure the accessibility of information, disaggregated data collection and the use of non-sexist language and images.

In order to facilitate the integration of the gender perspective in the management of projects, and facilitate the work of the agencies involved, have developed guidelines and tools within the Network of Equality Policies, which are available in the website of the Institute for Women.

<http://www.inmujer.gob.es/areasTematicas/redPoliticas/home.htm>

The Programme will address persisting gender gaps in Spain, with special focus on gender equality in employment. The Programme will promote female entrepreneurship, increase the participation of women in company boards, address the pay gap and improve the balance between work and family life. The particular needs of women from disadvantaged ethnic groups will be included in the Programme. In addition, the programme will see bilateral cooperation between Spain and Norway on issues related to tackling gender-based violence.

1.1.4 Cultural diversity and protecting cultural heritage

The priority sector contains two programmes - Conservation and Revitalisation of Cultural and Natural Heritage and Cultural diversity and cultural exchange.

a) Contextual trends

The activities related to culture generate, additionally, impacts to the other knowledge sectors of the public. In one word, culture is, besides an indispensable element for social cohesion and the reconstruction of an identity, this sector is equally or even more important than any other productive sector of society. The cultural transactions that take place in the deepest heart of culture generate positive effects such as learning and knowledge. That is, the cultural sector contributes to development from the social and identity sectors.

Cultural policy received in 2012, 937.40 million of the State Budget, 15.1 % less than in 2011, although this item includes 177.46 million euros aimed at promoting and supporting sports activities. Discounted amount that the line to the powers belonging to the Ministry of Culture is the last term is 760 million euros.

The film received 71.06 million euros, compared with 106.5 million euros of budget of 2011. The allocation for arts and music is € 205 940 000 for, representing 21.97 % of the cultural policy. Of these, the music and dance will have a budget of 89.77 million euros and the theatre 45.11 million euros. For the first time, is integrated into the chapter of autonomous public agencies the budgets of: Museum Centro de Arte Reina Sofía, a budget of 42.32 million euros. In 2011 he received 49.6 million. The Museo del Prado has allocated 44.73 million euros (compared to 43.9 million in 2011) and the Instituto Cervantes of EUR 97.23 million representing 5.4 % compared to 2011, when he received 102.80 million.

The data are more severe if a chronological study of the line to Culture by the state since the crisis began in autumn 2008 is made. By then, the funds were around the figure of 1.220 million euros. If figures are compared, the drop is 37.7%. Since then, the decline was continued.

In Spain the cultural sector contributes positively in tourism and more specifically in Granada. Federico García Lorca centre is located in one of the most important tourist centres of the world with architectural centres such as the Alhambra, beach areas and ski areas where they have held the world championship.

Tourist synergies in the region will allow a major cultural centre development and increased knowledge of Spanish and Norwegian cultures.

b) EEA Grants' contribution

The first Programme- Conservation and Revitalisation of Cultural and Natural Heritage- shall contribute to the safeguarding and conserving of cultural and natural heritage for future generations and to making this heritage publicly accessible.

The Programme shall be implemented by way of one predefined project "Federico Garcia Lorca Centre- Equipment and activity plan"

The project will:

- Stimulate and promote the conservation of the Federico García Lorca archive
- Actively promote strategies and policies to increase public awareness about this heritage and increase people access to it;

- Contribute to children's access to culture for example through a compressive didactic programme;
- Provide space and support for high profile exhibitions, events and cultural activities aimed and increasing people's awareness about cultural diversity and about the role cultural plays in promoting European values and stimulating intercultural dialogue and mutual understanding;
- Promote bilateral cultural cooperation between cultural players in Spain and those for Island, Liechtenstein, and Norway

Thus, the main contribution of funds from donor countries is that the Federico Garcia Lorca Centre to open its doors to the public and give value to a cultural infrastructure for the public of all ages and nationalities can learn more about the life and the work of one of the leading artists of the twentieth century.

The second Programme - Cultural diversity and cultural exchange - is managed by the Norwegian Embassy and its main objective is to extend the culture between Spain and Donor countries through projects in which different artists and artistic branches are interrelated. Its main purpose is Contemporary art and culture presented and reaching a broader audience.

1.1.5 Research and scholarships

The priority sector includes one programme – the Scholarship programme. This programme will be implemented in cooperation with the Norwegian-Island and Liechestein.

a) Contextual trends

Increasing of the productivity and innovation of the economy is one of the most important preconditions in achieving the growth of GDP per capita.

In this context the EEA Grants are a valuable contribution for the Spanish economy.

If we consider the investments in R&D in Spain there has been expenditure freezes:

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---------------------------------------|------|------|------|------|------|------|
| Investments in R&D/GDP (%) | 1,27 | 1,35 | 1,38 | 1,39 | 1,33 | 1,33 |

(Source R&D National Plan)

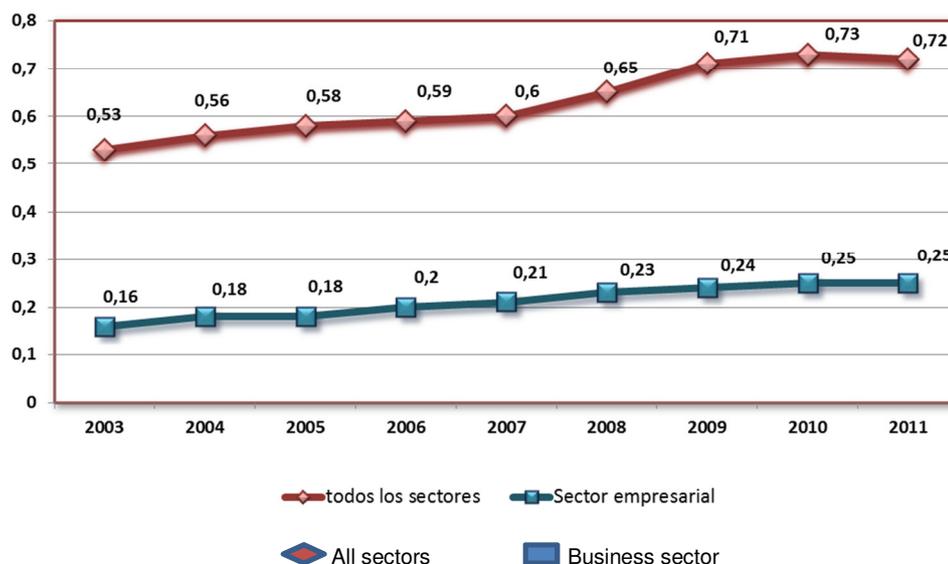
But in the future we hope a new growth:

| | 2013 | 2014 | 2015 | 2016 |
|--|------|------|------|------|
| Future Investments in R&D/GDP (%) | 1,33 | 1,37 | 1,41 | 1,48 |

(Source R&D National Plan)

Although the number of researchers in relation to the occupied population in Spain has experienced significant growth, the number of researches incorporated in the companies remains clearly insufficient levels to enhance the technological leadership and innovation capacities of the productive fabric. The graph shows the evolution in the period 1990-2011 staff in R & D as well as the degree of incorporation in business, in close correspondence with the behavior of the sector both in terms of investment in R & D as in innovation.

FTE researchers in relation to the working population (percentage of total). 2003-2011.



b) EEA Grants' contribution

Distance to European Strategy 2020 objectives

National target: investment in R&D equal to 3% of GDP

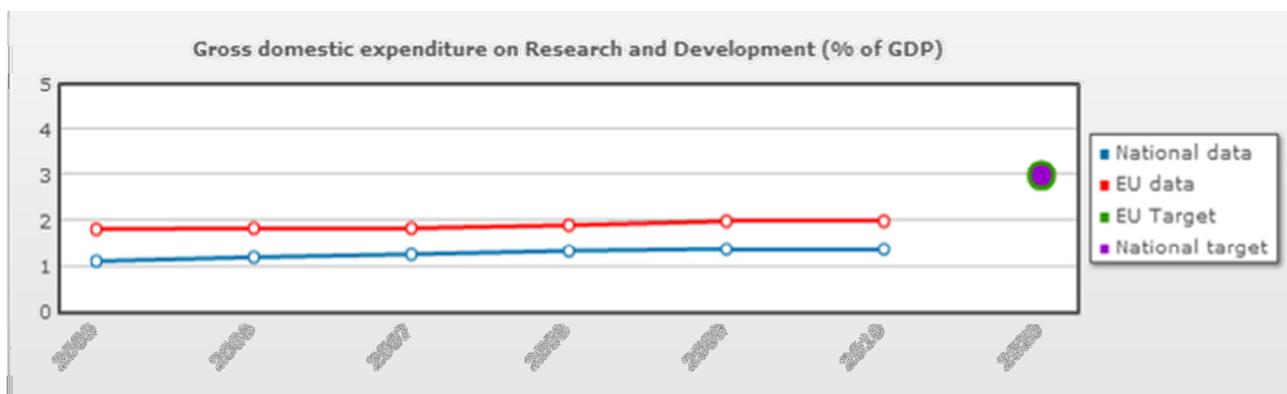
European target: investment in R&D equal to 3% of GDP

Spain has maintained an upward trend in terms of investment in R & D, similar to whole EU but clearly insufficient to achieve convergence in relation to the European target set at 3% of GDP.

The Spanish System of Science, Technology and Innovation has a size in contrast to the size of the economy and generally lacks an adequate level of business participation in the financing of R & D as in the development activities technological and non-technological innovation. It is therefore essential to promote actions to strengthen the Spanish system as a whole, paying particular attention to the characteristics of those responsible for its implementation and the orientation of its research and innovation towards the demands of productive agents and the generation of value. To this end, should not only propel the total investment in R & D but especially promoted by the private sector in order to promote knowledge generation and its potential applications

for the generation of new processes, products and services promoting further , innovation in all its forms.

Domestic expenditure on R & D (% of GDP)



Source: European Comision. Europa 2020

The main focus of the Programme is mobility of higher education students and researches, and cooperation between research groups and institutions in Spain and the Donors States in strategic fields.

The Programme will provide opportunities to the students, master students and researchers at different stage of their careers to carry out projects under the general scope of “Science and Sustainability”

The main factor of this program is the opportunity to give the donor countries, with the contribution of their funds, that different researchers can perform their jobs that would not cover the structural funds.

We consider that the programmes are well established and deal with very different groups and objectives. So, the Programmes: “Environmental and climate-change-related research and technology” and “Scholarships” will help to increase the research and development rates.

2. Bilateral relations

The main objectives of the bilateral activities will be:

- To share experiences and good practices regarding civil society capacity-building, taking advantage of the experience of each country in this field.
- To know and transfer experiences between Donors countries and Project promoters, providing an added value to the projects implemented under the EEA Grant in Spain, and to present to Donors countries experts the achievements and results of the projects funded by the Programme.
- To exchange information, methodologies, good practices, data and procedures between the project promoters and experts from the Donors countries on a very specific issue or issues chosen within the programme four priorities and implemented in the projects.
- To achieve results this co-operation will require sharing a common view to tackling specific problems, discuss similar and/or complementary

strategies, approaches and objectives, and identify priorities in each country regarding capacity building of the civil society.

All participants should commit themselves to close collaboration, and to mutual learning. After the activities, participants should validate, disseminate and mainstream their experience and results not only through thematic networks at national level, but also at local level and within their own organizations.

Apart from official meetings, it is very important to establish a quite fluent and quick connection between the Donor States and the National Focal Point. That has been done through e-mail between the FMO and the NFP.

This objective is already ensured, and will continue to be ensured through very frequent communications with the donor countries in all ways, either formal or informal, especially e-mailing and phone conferences. Taking into consideration the incomplete physical representation of all the three donor countries in Spain, the main effort is and will be developed with the Norwegian Embassy in Madrid.

Up to now, these contacts have proved to be very useful for making it possible to maintain regular discussions on different issues related to the preparation of the programmes in day to day or general topics, benefiting from the close and thorough knowledge of the Spanish scenario by the Norwegian Embassy.

In close cooperation with the Norwegian Embassy, the initiatives developed in this respect have predominantly looked for impact of sectorial programme events at a wider public level. This is the reason why some seminars and trips, in preparation of the programme proposals in the most priority areas – environment, equality and scholarships- have been included in the Work Plan set up for the implementation of the Fund for bilateral relations at national level.

- Seminar on “Promoting Spanish-Norwegian bilateral cooperation through applied research and development in the renewable energy sector under the EEA Grants 2009-2014”, held in Madrid, 16 April 2012. The Spanish Centre for Technological Industrial Development, CDTI, the Programme Operator, and Innovation Norway, the Donor Programme Partner, arranged the seminar in collaboration with the Norwegian Embassy. The event, which raised an impressive interest in a big number of attendants, included general presentations by the State Secretary of Foreign Affairs of Norway and the representative of the Spanish Focal Point on a wide range of subjects of interest for the bilateral relations. A field trip to the Spanish Ministry of Defence’s marine test station, CEHIPAR, was also arranged.
- Participation of Complutense University of Madrid (UCM) PO for ES07, in the conference and contact seminar organized by SIU on 27 and 28 April 2012 in Bergen.
- Seminar on Scholarship Programmes organized by RANNIS on 3-4 October 2012 in Reykjavik. Participation of Complutense University of Madrid (UCM), PO for ES07.

- Study trip to Norway in early autumn (2-5 October), integrated by a large number of Spanish firms working in the energy sector, led by CDTI and Innovation Norway.
- Seminar on strengthening bilateral relations between Iceland and Spain, organized by the Icelandic Ministry of Foreign Affairs, in collaboration with the Joint Spanish-Icelandic Chamber of Commerce, celebrated on 4 February 2013 in Madrid.
- Workshop on cultural diversity and cultural exchange, organized by the Norwegian Embassy, which took place on 13 February 2013 in Madrid.
- Participation of CDTI and Innovation Norway in the “Bilbao Energy Marine Week”, on 15-19 April 2013 in Bilbao.
- Seminar on “Promoting gender equality in Norway and Spain”, organised by the State Secretariat for Social Services and Equality, PO for ES04, the Equality and Anti-Discrimination Ombud of Norway (LDO), Donor Partner for ES04, and the Norwegian Embassy. 12 June 2013.

3. Management and implementation

3.1. Management and control systems

The draft document "Management and Control System" was developed during 2012, at the end of that year was finished, after the annual meeting with the Donor countries.

Given the experience of the Deputy Directorate of the Cohesion Fund and European Territorial Cooperation in the management of Funds - The Cohesion Fund was created in Europe in 1993 and will finish for the Kingdom of Spain in 2013, what means twenty years of work and experience of this Deputy Directorate - the Management and Control System was considered a very important document. This document is the basis for the Audit Authority (IGAE) for conducting its controls.

Furthermore, while it was unfolding the document, the development of the software application was being studied. This software is necessary for Operators Program and Certifying Audit so the audit systems could be tracked them by the IGAE.

The IGAE (General Controller of the State Administration) is the Spanish Organism for control and audit. It has a very experienced staff in audit and control.

The IGAE had no knowledge of the Financial Mechanism and then they had to study all regulation. They started to introduce some changes to approve the document and they ended up the work in April.

The changes were to adjust the Management and Control System used in the Community funds to the idiosyncrasies of the Financial Mechanism. The National Focal Point sent the draft document to the FMO in April and were sent several clarifications and explanations by e-mail to the FMO, and subsequently to the consultant Moore Stephens.

The Management and Control System is not approved at the time of writing but approval is expected shortly.

The computer program was started to develop in November only after the management and control system was approved.

3.2 Compliance with EU legislation, national legislation and MOU

The applicable law is very large. They will proceed to a description of it given the date of its entry into force and if they are general rules or specific rules for Spain:

General Rules:

General rules are established to implement The Financial Mechanism in all States receiving these funds

- **EEA Agreement**

The EU member states and the countries of Norway, Island and Liechtenstein (EFTA countries) signed an Agreement on November 15, 2011 in which it set out a number of conditions imposed on the signatories and through which the EFTA countries will contribute to the reduction of economic and social disparities in de European Economic Area.

In this agreement, Part VIII refers to the Financial Mechanism:

- **Part VIII. Financial Mechanism. Article 117:**

Provisions governing the Financial Mechanisms are set out in Protocol 38, Protocol 38a and the Addendum to Protocol 38a, and Protocol 38b.

In these Protocols is regulating:

- **PROTOCOL 38 b. Article 8.8.**

The EFTA States shall establish a Committee for the overall management of the EEA Financial Mechanism. Further provisions for the implementation of the EEA Financial Mechanism will be issued by the EFTA States after consultation with the Beneficiary States. The EFTA States shall endeavor to issue these provisions before the signing of the Memoranda of Understanding.

Regulation on the implementation of the European Economic Area (EEA) Financial Mechanism 2009-2014 adopted by the EEA Financial Mechanism Committee pursuant to Article 8.8 of Protocol

38b to the EEA Agreement on 13 January 2011 and confirmed by the Standing Committee of the EFTA States on 18 January 2011, as amended on 4 January 2012 and on 14 March 2013.

- **PROTOCOL 38 b. Article 8.2.**

In order to ensure efficient and targeted implementation, and taking into account national priorities, the EFTA States shall conclude with each Beneficiary State a Memorandum of Understanding that shall set out the multi-annual programming framework and the structures for management and control

Specific Rules:

- **Memorandum of Understanding on the implementation of the EEA financial mechanism 2009-2014 between the kingdom of Spain and Iceland, the principality of Liechtenstein, the Kingdom of Norway**

According to the Spanish legislation this MOU had to be approved by the Spanish Council of Ministers

There is a variety of legislation that may be applicable to the Programs that must carry out by the Operators. This legislation is often used in European funds and they are: the environmental Act and the Subsidies Act and that are applicable as alternative regulations to the legislation that regulates the Financial Mechanism.

Given the characteristics of the Programs approved, environmental legislation does not seem to have to be applied. Once the Programmes were better known, it shall be requested for approval to the Spanish Environmental Authority.

Other legislation to be implemented is:

- **PROTOCOL 38 b. Article 8.3.**

After having concluded the Memorandum of Understanding, the Beneficiary State shall submit programme proposals. The EFTA States will appraise and approve the proposals and conclude grant agreements with the Beneficiary States for each programme. The level of detail in the programme shall take into account the size of the contribution. Within programmes, projects may in exceptional cases be specified, including conditions

In addition to the above legislation are also applicable the rules contained in the Programmes Agreement and in the Programmes implementation Agreement.

The Programmes Agreement are signed between The Financial Mechanism Committee established by Iceland, Liechtenstein and Norway and The Ministry of Finance and Public Administrations, representing Spain, for the financing of the Programme and it lays down the rights and obligations of the Parties

regarding the contribution from the EEA Financial Mechanism 2009-2014 to the Programme.

The Programmes Implementation Agreement are signed between the Programme Operator and the National Focal Point.

3.3 Status of Programmes

Until today, June 2013, most of the work has been developed in the drafting, proposal, appraisal, approval and first launching of the Programmes, which are still needed of their final legal formalisation and subsequent launching of calls for proposals for individual projects or first steps of direct implementation in case of pre-defined projects.

-ES02, Environmental and climate change-related research and technology: The Proposal was submitted on 15 July 2012. Its drafting very much owed the intensive contacts between CDTI, Innovation Norway (IN) and business people on the occasion of the seminar held on 18 April in Madrid, as well as the permanent close cooperation between Programme Operator (CDTI) and Donor Partner (Innovation Norway). After a long series of exchanges of complementary information and the appraisal by the FMO, the FMC has approved the programme on 10 June 2013.

-ES03, Funds for Non-Governmental Organisations: The Proposal was submitted on 8 May 2012 (updated on 18 June). The seminar celebrated on 31 May 2012 in Madrid and posterior frequent contacts of Programme Operator (NGOs platform) with FMO have been very helpful for the technical improvement of the Proposal. An external appraisal report, after a monitoring visit in September to Madrid, was issued on 5 October and its conclusions and recommendations were taken into account in a revised proposal that was finally submitted on 21 December 2012. The Programme Operator has paid various visits to Oslo to meet the Ministry of Foreign Affairs and have contacts with LDO and other related institutions. For the same purposes, the Programme Operator has received in Madrid a couple of visits of LDO. The FMC approved the programme on 23 April 2013.

After the official approval of the Programme, the NGO Platform for Social Action:

- Organized the launching event on 13 June 2013, again with an attendance than more than 100 organizations
- Has been presented the official website in Spanish and English and the Social Networks of the Programme (Facebook and Twitter)
- Has been announced the call for proposal and
- Has published several news in the Platform's newsletter and on the Programme's website

-ES04, Mainstreaming gender equality and promoting work-life balance: The Proposal was submitted on 26 July 2012 (after approval of a short extension of the general time limit, 18 July). An intensive and long exchange of

Q&A, especially on financial issues –mainly, the co-financing topic-, including a Programme Operator’s visit to the FMO, accompanied by the NFP, on 6 November 2012, has culminated in the final approval of the programme by the FMO on 31 May 2013. The Programme Operator is the woman institute in Spain.

-ES05, Conservation and revitalization of cultural and natural heritage. The Proposal was submitted on 17 July 2012. The main aspect, in the appraisal process, has been the identification and design of the pre-defined project, as established in the MOU, the Programme Operator’s proposal being referred to Federico García Lorca Centre in Granada, Andalusia. Additional suggestions from the FMO and replies from the Programme Operator (the Spanish State Secretariat for Culture) have been under debate until today, FMC’s decision being expected by September 2013.

-ES06, Promotion of diversity in culture and arts within European cultural heritage. An extension of the deadline until 1 November 2012 was approved and the Proposal was finally submitted on 30 October. The Programme Operator (the Norwegian Embassy) is in close contact with NFP, the Spanish State Secretariat for Culture and the donors for the setting up and preparation of the activities to be carried out. The programme was approved by the FMC on 23th April 2013. An exchange of letters between the FMC and the NFP has clarified the roles of the latter, as indicated in the Programme implementation agreement signed by the FMC with the Norwegian Embassy in Spain.

-ES07, Scholarships. This was the first Programme Proposal submitted to FMO, on 31 January 2012. After the presentation, a long series of bilateral contacts of the Programme Operator (Complutense University of Madrid) with Donor Partners in Norway and Iceland –including the participation in the Seminars of Bergen and Reykjavik- and with the FMO has taken place, particularly on the co-financing issue, which was positively solved by end of the year. The programme has been approved by the FMC on 4 June 2013 .

The table showing the main relevant dates in the progress of the preparation of the programmes is as follows:

| | Programme | Submission of proposal | Grant Decision |
|------|--|---------------------------|------------------|
| ES02 | Environmental and climate change-related research and technology | 15.07.2012 | 10.06.2013 |
| ES03 | Funds for Non-Governmental Organisations | 08.05.2012/ 21.12.2012 | 23.04.2013 |
| ES04 | Mainstreaming gender equality and promoting work-life balance | 26.07.2012 | 31.05.2013 |
| ES05 | Conservation and revitalization of cultural and natural heritage | 17.07.2012 | Not yet approved |
| ES06 | Promotion of diversity in culture and arts within European cultural heritage | 30.10.2012 | 23.04.2013 |
| ES07 | Scholarships | 31.01.2012 | 04.06.2013 |

So far they are being processed the Programme Agreement and the Programmes Implementation Agreement. It hopes that before the year ends are all approved.

3.3.1 Technical Assistance

The agreement for the financing of Technical Assistance (TA) and the Fund for Bilateral Relations at National Level was signed on November 2012 after the approval of the Memorandum of Understanding.

The first day of eligibility of expenditures under the agreement was 18 November 2011 and the final date of eligibility of expenditures shall be 31 December 2017 and for the Fund for Bilateral Relations at National Level until 31 October 2017.

In accordance with Article 7.12.5 of the Regulation, the maximum amount of the Technical Assistant grant is 687.750 Euros. The TA is used for costs of additional management systems specifically established for the implementation of the EEA and Norway Grants. **Until 30 April 2013, Euros 128.465,55** was used. The expenditures included salaries of the National Focal Point, the Certifying Authority Promotional and information activities, Translation costs , organizing meetings and participating in meetings.

In accordance with Article 3.5.1 of the Regulation the amount set aside for Bilateral Relations at National Level shall amount to 229.250 Euros. **Until 30 April 2013, Euros 41.342,46** was used.

Annex 6
Technical Assistance
EEA and Norwegian Financial Mechanisms 2009-2014

BUDGET FOR THE WHOLE IMPLEMENTATION PERIOD (in euro)

Beneficiary State: Spain

| Description | National Focal Point | Certifying Authority | Audit Authority | Other entities | TOTAL |
|--|----------------------|----------------------|-----------------|----------------|----------------|
| I. Additional management systems (article 7.12.2 (a)) | 467,750 | 75,000 | | | 542,750 |
| II. Monitoring Committee, annual and other meetings (article 7.12.2 (b)) | 7,000 | | | | 7,000 |
| III. Meetings and conferences to share experience (article 7.12.2 (c)) | 15,000 | | | | 15,000 |
| IV. Promotional and information activities (article 7.12.2 (d)) | 45,000 | | | | 45,000 |
| V. Audits (article 7.12.2 (e)) | | | 50,000 | | 50,000 |
| VI. On-the-spot verifications (article 7.12.2 (f)) | 10,000 | | | | 10,000 |
| VII. Reviews and evaluations (article 7.12.2 (g)) | 6,000 | | | | 6,000 |
| VIII. Implementation of the FM 2004-2009 (article 7.12.2 (h)) | 12,000 | | | | 12,000 |
| TOTAL | 562,750 | 75,000 | 50,000 | 0 | 687,750 |
| IX. Funds for bilateral relations at national level (article 3.5) | 229,250 | | | | 229,250 |

3.4 Summary of irregularities detected and the measures taken, summary of complaints received under Article 11.8.

No irregularities were detected until June 2013, neither by the third party nor by the Focal Point since the implementation of programmes was not yet started.

In the case of irregularities:

If the irregularity is not detected by the FP and the irregularity does not relate to the FP own activities, the FP will draw up the report based on the information provided by the third party, in accordance with Annex 5 of the Regulations and send it to the FMC, if required. The report is approved by senior adviser I.

If the irregularity is detected by the FP –directly or through the established complaint mechanism- and it does not relate to FP’s activities, prior to sending the irregularity report to the FMC the report is sent to the entity that committed the irregularity, for comments. The report is approved by senior adviser I.

3.5 Results of audits, reviews and evaluations carried out, and the plans for audits, reviews and evaluations for the next reporting periods.

The General Controller of the State Administration (IGAE), located as a functionally independent entity in the State Secretariat for Budgets and Expenditures of the Ministry of Finance and Public Administrations, undertakes the functions of Audit Authority.

Neither management and control system audits nor project audits are planned until now.

Nothing else can be informed for the moment on this matter, since not any programmes have entered into action yet. Once some or all of the programmes run their first phases of implementation, and according to the range and

financial amount of each of them, a precise plan of evaluations and audits will be set up.

The IGAE will send to the FMC within nine months of the approval of the programme an audit strategy, the method to be used, the sampling method for audits on projects and the indicative planning of audits to ensure that audits are spread evenly throughout the programming period.

3.6 Assessment of the implementation of the communication strategy, in accordance with the Information and Publicity requirements in Annex 4.

Publicity and Communication activities aimed at announcing the existence of this financial instrument, and making possible beneficiaries aware of how the funding can contribute to their objectives, in a successful way towards the improvement within a particular field.

At national level: A first general communication event took place on 30 May 2012 in Madrid. Another seminar is planned to be held by end of September 2014 in Madrid, aimed at disseminating the content of the Programmes and the Projects already approved and the state of play of their first implementation processes.

In addition to this main activity, have been developed the following:

Since the signature of the Memorandum of Understanding the following main activities have been undertaken at national level:

- 21 December 2011: Seminar in Madrid. FMO presents a general overview and the Regulation of the FM 2009-2014 to the FP, the CA and all designated PO.
- 25 January 2012: Technical meeting in Madrid between FMO and PO, together with the FP. Questions and answers on Programme preparation.
- 29 February 2012: Participation of the FP in a Seminar in Brussels on FPs' tasks.
- 1 March 2012: FP meets FMO in Brussels on management and control and other issues.
- 2 April 2012: Technical meeting in Madrid, FMO/FP, on progress in FM implementation
- 26 April 2012: Setting up of the Monitoring Committee.
- 29 May 2012: General presentation of FM 2009-2014 in Madrid (Ministry of Finance and Public Administration), in connection with presentation of results of projects co-financed under FM 2004-2009.
- 30 May 2012: Technical meeting FMC-FMO/FP on the occasion of closure of FM 2004-2009.
- 31 May 2012: Seminar on ES03 in Madrid (head offices of Red Cross).
- 28-29 June 2012: Seminar and technical meeting in Brussels, on preparation of FM 2009-2014 in general and in relation to Spain.

- 11 September 2012: Participation of the FP in Seminar in Sofia on risk management and good governance.
- 19 October 2012: Technical meeting FMO/FP in Madrid, in preparation of the Annual Meeting, held on 15 November 2012.
- 15-16 April 2013: NFP participated in the Communication Workshop held in Warsaw.
- 13-14 June 2013: Working sessions between FMO and NFP.
- 19-20 June 2013: Agreement on Technical assistance and Bilateral relations at national level: After several exchanges of views and data between FMO and NFP, the final texts and budget tables were approved by the FMC and on that basis, the Technical assistance agreement was signed on 14 November by Mr Anders Erdal, on behalf of the FMC, and on 26 November by Mr Fernando Fernández, Head of the NFP, in representation of the beneficiary country.

On the occasion of the meetings to be held in June 13-14 and 19-20 between the FMO and the NFP, a draft plan of next activities will be considered, on the basis of the programme implementation starting processes.

A version of the Communication Strategy paper was sent on 16 May 2013 but has not been approved yet. A new version will be ready in January 2014.

A web site the EEA grants has been made and is operational. All activities carried out in Spain concerning the EEA Grants are collected in <http://www.dgfc.sggpg.meh.es/sitios/dgfc/es-ES/ipr/oipr/eee/Paginas/2009.aspx>

The Focal Point regarding information and publicity will be to act as a central point for advice and guidance, but also as a central point for monitoring over the communication activities.

In the websites of the program operators can be viewed the main activities carried out and the open calls to be made.

3.7 Work plan

The table showing the main relevant dates in the planning of the tasks in 2013:

| 2013 TASKS | J | F | M | A | M | J | J | A | S | O | N | D |
|--|---|---|---|---|---|---|---|---|---|---|---|---|
| Management and Control System | | | | | | | | | | | | |
| The Strategic Report November 2011-June 2013 | | | | | | | | | | | | |
| Procurement, risk assesment and communication strategic | | | | | | | | | | | | |
| PA's & PIA's | | | | | | | | | | | | |
| To establish Monitoring Committee | | | | | | | | | | | | |
| Informatic Management Solution | | | | | | | | | | | | |
| Annual meeting FMC | | | | | | | | | | | | |
| Bilateral Relationship | | | | | | | | | | | | |

The main objective is the adoption of the Management and Control System. This objective is aimed at regulating the management of the Financial Mechanism in Spain and that the operators can charge financial advances. The next table showing the main relevant dates in the planning of the tasks in 2014:

| 2014 TASKS | J | F | M | A | M | J | J | A | S | O | N | D |
|--|---|------|------|---|---|------|---|---|---|------|-----|------|
| Draft of SR 2013 with APR's of OP's | | 28th | | | | | | | | | | |
| Communication Strategy, Risk assesment | | 28th | | | | | | | | | | |
| Monitoring Committee | | | Ad h | | | R | | | | | | |
| SR including reporting programmes | | | 31st | | | | | | | | | |
| monitoring of the programmes | | | | | | | | | | | | |
| The methodology that the External monitoring agent will apply to its work | | | | | | | | | | | | |
| 2nd major information activities. | | | | | | | | | | | | |
| Seminar with stakeholders | | | | | | | | | | | | |
| Updated Strategic Report | | | | | | | | | | 15th | | |
| Measures to remedy irregularities | | | | | | | | | | | | |
| Informatic Solution (guide) | | | | | | | | | | | | |
| Programme report | | | | | | | | | | | | |
| Annual meeting FMC | | | | | | | | | | | | |
| Controls & risk analysis programmes | | | | | | | | | | | | |
| Evaluations of programmes | | | | | | | | | | | | 31st |
| Audits (IGAE) | | | | | | | | | | | | |
| questionnaire monitoring controls | | 15th | | | | 15th | | | | 15th | | |
| Compilation and submission of the notice on NFP monitoring checks | | | 1st | | | 1st | | | | | 1st | |
| participating as observers in the work of Co-operation Committees and Selection Committees | | | | | | | | | | | | |
| Bilateral relationship | | | | | | | | | | | | |
| updated budget of the TA fund | | | | | | | | | | 30th | | |
| APR of the previous calendar year | | 15th | | | | | | | | | | |
| Irregularities report | | | | | | | | | | | | |
| interim financial reports | | | | | | | | | | | | |
| MCS's Operators | | | | | | | | | | | | |

The main relevant dates in the planning of the launching events, partner events and open calls of the programmes will be developed in the last part of the 2013 and in the beginning of 2014.

As yet the Operator Programmes Agreement has not been approved, so it is difficult to define when the open calls of the different Programmes may be performed.

4. Summary of actual outputs and an assessment of progress towards expected outcome for each Programme

With regard to the overall progress as regards the Implementation of Programmes and Their sub-projects and the progress towards expected

outcomes comment that in June, the main objective of all programs is to get the approval of the Programme Agreement and the Programme Agreement Implementation to perform the open calls and to start to work in the selection of projects to be undertaken

In relationship with the outputs achieved, the present situation of the programmes, real outputs cannot be measured.

According to the potential risks that may threaten the achievement of the objectives set out in the Programmes, Risk is one of the main factors to assess and confront with during the implementation and monitoring of programmes and individual projects, in order to ensure the best possible successful results. Risk management is a dynamic process to be applied all along the life of a programme or project : it comprises not only the task of identification of specific risks, but the appropriate actions to alleviate them and the adoption of a set of measures to prevent the effects of such risks in the performance of the project. Communicating the setting up of the risks assessment to all agents involved in the implementation of the project contributes to its successful performance. Once we have identified the risks that might prevent a successful performance of the projects, we must set up a set of actions to prevent the possible harm.

The risk assessment is made by the staff of the Focal Point. To this effect, the Focal Point works with the help of the Risk assessment Tool designed by the FMO and put into operation counting on the collaboration of Transparency International.

At these first steps of implementation of EEA FM 2009-2014, the main challenges the Programme Operators can be confronted with are:

- At the beginning, those related to the financial constraints of the public Administration and other affected bodies and, as a consequence of that scenario, the limited labour force that can be engaged in the management of the Programmes. Nonetheless, all efforts have been deployed, with the cooperation of FMO, in order to reduce such risks to a manageable extent. **At present this risk has been solved and all programs have got the cofinancing needed to carry out the projects.**
- On the other hand, independence and absence of conflicts of interest among the different agents involved in the implementation of the program are critical in this respect. To this aim, the implementation of European structural funds and EEA Financial Mechanisms/Instruments done by the Focal Point during many years (at least in the last twenty years), with a clear separation of administrative structures between management, certification and control of projects, carried out by three independent units, offers a reasonable ground to exclude any serious risks of collusion, corruption or wrong application of European and Spanish Laws and Regulations. It must be stressed that any public entity, entity ruled by public law or entity beneficiary of public subsidies is subject to a very strict legal environment, even tougher than the applicable and internalised EU Directives. As a matter of fact and example of this situation, the average rate of non-eligible costs in the implementation of

structural funds, according to the European Commission, has been in Spain less than 2 % of the total co-financed costs.

- The immediate and most important risk is that Programme operators can receive the advance payment whereby the Management and Control System document must be approved on time. Operators won't be able to launch any open calls without receiving payment. **NFP is putting all efforts to get approved.**
- There is a rather important general risk to be considered, namely, the risk of non-full achievement of all goals looked for in some of the programmes, due to the delayed launching of calls for proposals caused by the slow pace of completion of the steps required in the setting up of managerial and controlling structures and in programmes' approval and entry into force procedures. **The way some operators are solving it is reducing the number of open calls to make. With this measure the risks have been reduced considerably**

ES02: No major risks are foreseeable in any respect, taken into account the strong capacities and high degree of involvement of both entities, CDTI and IN, demonstrated until now in all the steps fulfilled. Only some difficulties could appear with regards to the general timeframe for calls for proposals, as a consequence of the long process of programme appraisal.

ES03: Capacity building in the ONG Platform and conflict of interests. Both are now closely tackled, having counted also on the cooperation of FMO and the consultant firm that visited Madrid recently. With regards to conflict of interest issue, the proposal put on the table, regarding the composition of the Selection Committee, looks quite helpful to avoid such risk. Other risk of this specific program will be the timing for payments. The NGOs have low financial capacity.

ES04: Financial constraints and reduced time for implementation. An adequate programming of advance payments is being set up in order to substantially reduce the incidence of the first risk. The second one is closely linked to the former, but the appropriate solution that will be set up to the financial-budgetary constraints will also facilitate facing the time challenges.

ES05: The pre-defined project under appraisal would not be faced with any major risk in financing and managing capacities. No other risks are foreseen.

ES06: After the intense work developed by the Norwegian Embassy –and, to a minor extent, by representatives of the Icelandic administration, there are no foreseeable major risks in the implementation of the work plan of activities. Regular monitoring will guarantee that actions run according to the expected plan.

ES07: Managerial capacity well demonstrated in the past, nothing to fear about this in the “extended project”, the Programme. Financial risks would be

negligible, or even nil, counting on the flexible conditions set up for this Programme, which allows an exceptional 100% of financing from the FM.

The risks identified as above said will be reviewed along the coming months in order to check possible changes that might recommend amending the risk assessment and taking the necessary measures.

There have not been produced, to date, expenses in the use of funds for bilateral relations by Operators.

5. Summary list of issues and recommendations

At the very early phase of only starting to implement the programmes, there are no outstanding issues to be added to those that have already been mentioned under the previous points.

The main effort will be put into launching the programmes, setting up of management and control systems, organizing partner events and launching of open calls. In all these activities the time factor is crucial – the programme operators need to adjust to a shorter timeframe for implementation, still ensuring that the outputs and outcomes will be reached at the end of the programmes.

The NFP is very worried because of all the workload that operators will have in the future with the open calls and their resolution, with the execution of the management and control system, its risk analysis, strategic communication and bilateral relations with donors. In order to solve this, the FMO is going to organize a training to different Programme Operators.

ANNEX

6. Attachments to the Strategic Report

As the programs have not yet begun to develop no information about them that can be attached. All information about them is contained in the main part of the document.

Abbreviations:

MOU Memorandum of Understanding

FMC Financial Mechanism Committee

FMO Financial Mechanism Office

NFP National Focal Point

PO Programme Operator

CDTI Centre for Technological and Industrial Development

DPP Donor Programme Partner

IN Innovation Norway

IGAE General Controller of the State Administration