

Minutes of the Annual Meeting

26th November 2014

Ministry of Finance and Public Administrations, Madrid

LIST OF PARTICIPANTS

NORWEGIAN MINISTRY OF FOREIGN AFFAIRS

Ingrid SchulerudAmbassador
Henriette C. GulbrandsenSenior Adviser

FMO (Financial Mechanism Office)

Rune VistadHead of Sector
Septimiu-Rares Szabo.....Country Officer

SPANISH MINISTRY OF FINANCE AND PUBLIC ADMINISTRATIONS

José M^a Piñero CamposGeneral Director of Community Funds
Fernando Fernández MelleHead of NFP (NFP EEA Grants)
Pilar Soler Oroz.....Executive Director (NFP EEA Grants)
Cristina Blas MirandaCommunication Officer (NFP EEA Grants)

NORWEGIAN EMBASSY

Johan Christopher VibeAmbassador
Lars Andersen.....Minister Counsellor
Eva Puig Syversen.....EEA Grants and Communication Adviser
Markus HoleTrainee

AGENDA

09:30-09:45.	Opening Remarks
09:45-10:00.	Approval of the Strategic Report 2013
	MOU - Revision of Annex A
10:00-10:10.	Obligations of the NFP after 31/12/2015
10:10-10:30.	Status of the Programmes and Projects implementation
10:30-10:45.	Risk management and Transparency International report
10:45-11:00.	Bilateral Relations at National and Programme Level
11:00-11:10.	Coffee Break
11:10-11:20.	Horizontal Concerns and AOB
11:20-11:30.	Closing Remarks

Opening Remarks

The General Director of Community Funds, José María Piñero, welcomed the participants expressing his wish for a fruitful meeting and remembering the expertise of this General Directorate in the management of grants. Ambassador Ingrid Schulerud expressed her happiness to come back after one year and see a remarkable progress in implementation. She suggested two additional topics to the agenda: the assessment of the General Director of Community Funds on the EU Funds in Spain and on the general situation in Spain.

Mr Piñero Campos briefly presented the priorities agreed between Spain and the European Commission on 30 October 2014 in the Partnership Agreement on using EU Structural and Investment Funds for 2014-2020. Spain was allocated €28.58 billion in total Cohesion Policy funding (€38 billion if the funds for agriculture and fishing are also included) out of which €6 billion go towards the SME Initiative (an initiative accessed only by Spain and Malta), €5 billion to Research, Development and Innovation and almost €1 billion to the Youth Employment Initiative (highest amount in the EU). The Spanish side has tried to simplify the whole process of accessing EU Funds by cutting red tape and reducing the total number of Intermediate Bodies from 150 in the previous framework to a total of 30. The new framework has switched focus from public to private investment and is oriented on smart specialisation for each autonomous community in Spain. The EU Funds contribution to national investment is nevertheless lowering from the 15-20% of

the total national investment in the previous decade. Mr Piñero Campos also expressed his views on the main bottlenecks Spain is currently facing: the low level of innovation which still stands below 2% of the GDP and the difficulties SMEs face in accessing finance and credit. The high level of unemployment has been a consequence of the two rather than a cause itself.

Ambassador Ingrid Schulerud finalised the open remarks by underlining that the Donor States and Spain should build further on the results achieved through the EEA Grants and the networks created in the last 20 years. Some doors will close as new doors will be opened.

The Ambassador reiterated the fact that the Donors are pleased with the progress in the implementation of the EEA Grants in Spain since last year. Nevertheless, during the meeting the issue on how to ensure a functional NFP in the Spanish government until all the legal obligations of 2009-2014 period are fulfilled should be discussed.

Approval of the Strategic Report 2013 and modification of Annex A of the MoU

The Executive Director of the NFP, Ms Pilar Soler informed that the Strategic Report for 2013 was submitted by the NFP to the FMO in April. At that point the Donors took note of the strategic report and suggested the NFP to submit a revision of the chapter on bilateral relations so that the Report can be approved during the Annual Meeting 2014.

Ambassador Ingrid Schulerud and Mr Rune Vistad suggested that both the Strategic Report 2013 and the update of the Strategic Report for 2014 are of good quality and can be officially approved. The chapter of risk management and mitigation is commendable and offers a good analysis of the risk faced during the implementation.

The next point on the agenda is the proposal to revise Annex A of the MOU due to a change of name of the sub-directorate in which the NFP is located. Ambassador Ingrid Schulerud approved the change and suggested that the FMO will follow-up with the formalisation.

Obligations of the NFP after 31/12/2015

Ms Soler started by explaining that even though the projects are just starting, the NFP had started to think on how to close the mechanism. After assessing the budget of the Technical Assistance, the NFP realised that there was not enough money to continue the operational work after January 2016. Therefore, in order to extend the timeframe of the activities, the NFP decided to eliminate the salaries of the civil servants employed in the NFP from the TA budget. Therefore, activities could continue for another six months until June 2016. In the same time the NFP started a discussion process about this issue with the FMO and the Programme Operators.

Ambassador Ingrid Schulerud acknowledged that resources are limited, but stated that June 2016 is not a realistic deadline for fulfilling all the NFP's obligations. She agreed, however, on the necessity of establishing a deadline and proposed to follow this issue in

a separate meeting with the FMO at the beginning of 2015. The Ambassador also proposed to organise the Annual Meeting in June 2015 instead of waiting until November 2015. Mr Piñero agreed to this proposal.

Mr Vistad pointed out that the NFP obligations are stemmed from the MOU, the Regulation and the Programmes Agreements. The FMO had prepared an overview that could be the basis for a discussion on how to tackle the issue in a pragmatic way. Mr Vistad suggested that it would be very difficult to finalise everything in June 2016 due to the multitude of obligations the Spanish government has to comply with. After the finalisation of each programme, the Programme Operators need to prepare a final programme report which has to be sent to the FMO in the first quarter of 2016. The FMO will assess it and request additional information if needed. Six months later, the NFP needs to send a final strategic report on the Technical Assistance Agreement and keep a follow-up mechanism in case there are further issues.

Mr Piñero insisted that while it is necessary to close the NFP office, Spain, as a Beneficiary State, would honour all its legal obligations related to the EEA Grants. The Spanish authorities will follow a similar approach as the one used for the closure of the Cohesion Fund 2007-2013 in Spain.

A follow-up meeting will be organised at the FMO in Brussels in 2015 in order to reach a common understanding agreeable for all parties. The final agreement will be reached in the next Annual Meeting.

Status of the Programmes and projects implementation

Ms Soler made a presentation of the status of implementation and stated that in general all programmes and projects are running well despite some problems. The ES05 programme however is running a bit late and therefore the opening of the Garcia Lorca Centre in Granada was postponed for 2015.

Ambassador Schulerud commended the NFP for the presentation which showed a good progress in almost all programmes and suggested that a report should be produced by the Norwegian Embassy in Madrid in collaboration with the NFP which could tell the story of the implementation of the EEA Grants in Spain from 1994 onwards and the results achieved in the past 20 years. The report could be funded from the Bilateral Fund at national level and could be presented in a final conference of the Grants in 2016.

Ambassador Schulerud expressed her concern for the 61 projects selected within the Gender Equality Programme open call which were just starting and therefore have only one year of implementation. Ambassador Schulerud suggested that lack of progress might indicate a high risk of non-completion and asked the NFP to work closely with the Programme Operator in order to mitigate this risk as much as possible. Ms Soler informed that the call was launched relatively late, the selection committee meeting was held in September and the final resolution was adopted only in November. The process was continuously delayed due to bureaucratic problems. The NFP agreed that while the

programme is indeed delayed, the NFP assumes that most likely all projects will finalise in time.

Rune Vistad asked the NFP to submit as soon as possible a reallocation request for the unallocated funds under ES02 and ES04. Furthermore, the PO for ES04 must be reminded to submit the revised description of the management and control systems at programme level following the administrative changes within the Ministry of Health, Social Services and Equality. Finally, Mr Vistad urged the NFP and the POs to include geographical information when uploading information in DoRIS and continue with the good communication between the Spanish authorities and the Donors.

The Norwegian Ambassador to Spain, Mr Johan Christopher Vibe, stated that in the Cultural Diversity and Cultural Exchange programme managed by the Norwegian Embassy in Madrid, much has been achieved with limited funding and hopefully the networks established between Norway and Spain will continue after the programme is closed. Both the Donors and the NFP congratulated the Norwegian Embassy for successfully implementing this programme.

Ms Soler emphasized that one of the major achievements of the NFP during the past year has been the very good collaboration between all the involved actors: the Embassy, the NFP, the Programme Operators, the donor programme partners and the FMO.

Risk Management and Transparency International report

Mr Melle, Head of the NFP, made a presentation on Risk management and also presented the NFP's view on the Transparency International report. While no risks were identified at country level, the NFP acknowledged that the Gender programme is considered risky. An Action Plan is currently prepared by the NFP together with the PO. Furthermore, the short time for implementation is a risk across all programmes and projects.

The TI report was seen by the Spanish authorities as very sensitive and the wording in the report proposed for publication should reflect the facts accurately. Mr Piñero was of the opinion that the risk of corruption in the EEA Grants is very low in Spain due to the rather limited number of projects funded. In addition, the complaint mechanism has been continuously under improvement and the separation of tasks is ensured.

Ambassador Schulerud underlined that the main risk identified in Spain a year ago was fully mitigated as the NFP is now fully staffed. Nevertheless, the PO for the Gender Programme still lacks capacity and an Action Plan is indeed needed. The Ambassador suggested also that the general situation in Spain could also be seen as a risk due to the cut downs in public spending and the political uncertainty although this does not seem to be hampering the programmes.

As regards the Transparency International report, Ambassador Schulerud informed that the process is still not concluded, as the FMO has not submitted an official written

procedure about the report yet. Therefore, the NMFA does not have a mandate to discuss the report during the Annual Meeting.

Mr Vistad added that the Risk Assessment included in the Strategic Report was commendable but probably the time issue was underestimated. An additional risk related to ES04 is the lack of understanding of the Regulation from the PO's side. Close contact with the PO is needed until 31 December 2015.

As regards the Transparency International report, Mr Vistad informed that Transparency International has the ownership of the report and the FMO only facilitates the dialogue between them and the Beneficiary States. The possibility of a phone conference between the NFP and TI in order to have a more accurate wording in the final report was proposed. The FMO would follow-up the process. Mr Piñero agreed with this approach.

Bilateral Relations at National Level and Programme Level

Ms Soler presented the proposed revised work plan for the implementation of Bilateral Relations at National level for 2015, which includes also the activities postponed from 2014.

Ambassador Schulerud suggested that the work plan should be further revised so that the Norwegian Embassy, the NFP and the FMO can plan an activity for telling the story of the EEA Grants in Spain. The funds needed for this activity have to be secured in the final work plan and can be redirected from the allocation for the newly proposed activities under ES03 and ES07 with a total of 27,000 EUR. The FMO, the Norwegian Embassy and the NFP will follow-up this in December 2014 so that the new activity can already start in early 2015. The NFP agreed with this proposal.

Horizontal Concerns and Cross-Cutting issues

Ms Soler made a presentation about Horizontal Concerns and Cross-Cutting issues.

Ambassador Schulerud appreciated the effort to report on these issues and recommended making a final qualitative assessment in the final Strategic Report.

Closing remarks

Ambassador Schulerud concluded the meeting by insisting on the progress made since the Annual Meeting from 2013 and recommended the NFP to continue with the good work and focus on the finalisation of all programmes.

For its part, Mr Piñero acknowledged the efforts done by the NFP in the last year and expressed its gratitude towards the Donor delegation for having a constructive discussion in the Annual Meeting.

Follow up points:

- Revise annex A of the MoU due to a change of name of the sub-directorate in which the NFP is located
- NFP and FMO follow up on obligations of the NFP after 31.12.2015
- Annual meeting in June 2015
- Submit reallocation request for the unallocated funds under ES02 and ES04
- Re. ES04 – submit revised description of the management and control systems at programme level (following the administrative changes within the Ministry of Health, Social Services and Equality)
- Risk action plan re. ES04 Gender equality programme, prepared by the NFP and the PO
- Follow-up telephone conference between NFP and TI facilitated by the FMO - regarding the wording in the final TI report
- Follow up on bilateral work plan so as to secure funding for an event of “telling the story of the EEA Grants in Spain” (FMO, Norwegian Embassy, NFP) and a publication in English (Norwegian Embassy and NFP)