**Strategic Report for Estonia**

**EEA and Norwegian Financial Mechanisms 2014-2021**

# Executive summary

State Shared Service Centre (further referred as SSSC), acting as the National Focal Point (further referred as NFP) for the implementation of the EEA and Norwegian Financial Mechanism in Estonia prepared the Annual Strategic Report No. 1 on the Implementation of the EEA and Norwegian Financial Mechanisms 2014-2021 in Estonia (further referred as the Strategic Report).

The Strategic Report reflects the implementation of the financial mechanisms during the period from 10 May 2017 (signing of the Memorandum of Understandings on implementation of the Mechanisms) to 30 July 2019. The report provides information on the status of programmes and bilateral funds and provides the information on changes made in the management and implementation system of the grants.

The overall objectives of the EEA and Norwegian Financial Mechanism 2014-2021 are to contribute to the reduction of economic and social disparities in the European Economic Area and to strengthening bilateral relations between the donor states and the beneficiary states through financial contributions in the field of innovation, research, education and competitiveness; social inclusion, youth employment and poverty reduction; environment, energy, climate change and low carbon economy; culture, civil society, good governance, fundamental rights and freedoms; and justice and home affairs. To achieve the overall objectives, the donor states – Iceland, Liechtenstein, and Norway – have made the net amount of 62 900 000 euros available for Estonia.

The years 2017-2018 can be considered as the years of the preparation of the implementation of grants. Since all concept notes were approved by the donors by the end of January 2019, in 2018 the Programme Operators were mostly engaged in developing concept notes, preparing programme agreements and setting up managing and controlling systems at the same time. However, the first programme agreements were signed and the first open call was launched already in 2018. Therefore, it is not yet possible to assess how the chosen programmes have contributed to achieving the overall objectives of the financial mechanisms. As the legislative and economic environment can be considered stable in Estonia and all the programmes contribute to internal long-term strategies, no major risks affecting the achievement of the expected outcomes have been identified at the particular moment of implementation.

In 2018, the bilateral relations between Estonia and the donor states were mainly strengthened through events financed from the Fund for Bilateral Relations at National Level. The main focus of using the Fund for Bilateral Relations at National Level has been helping the preparation of programmes through facilitating better mutual understanding between Estonian and donor states’ institutions.

Looking forward, the most crucial challenge in the second half of 2019 is to conclude all programme agreements, launch all planned open calls in time, and start with the implementation of the first projects to be able to achieve the all programmes’ outputs, outcomes and objectives.

# Political, economic and social context

Although the Memorandum of Understanding was signed in 2017, the implementation of the programmes is still at a very early stage as all programme agreements have not been approved by the donors yet. Therefore, it is too early to assess whether any political, economic and social change or trends might have a considerable impact on the implementation of the Financial Mechanisms in Estonia. The overall legislative and economic environment has stayed stable and has not changed significantly since the signing of the Memorandum of Understanding.

# Effects of the Grants

Due to the early stage of the implementation, it is not yet possible to assess the overall effects of the grants.

# Status of programmes

There are six programmes implemented within the EEA and Norwegian Financial Mechanisms 2014-2021 in Estonia. Local Development and Poverty Reduction, Climate Change Mitigation and Adaption, Research and Education and Green ICT programmes are operated by Estonian national administrative bodies. Civil Society and Social Dialogue-Decent Work programmes are operated directly by the FMO through the selected fund operator.

Concerning the programmes, 2018 was an intensive preparatory year and therefore the main activities in this reporting period were related to the preparation of concept notes and programme agreements and setting up management and control systems. Due to the fruitful cooperation with FMO and donor programme partners and because of the great work of the programme teams, 2018 was also the year of the announcement of the first call for applications.

# EE-Research (Baltic Research Programme)

EE-Research programme is operated by the Ministry of Education and Research of Estonia. Estonian Research Council and the Archimedes Foundation are acting as Implementing Agencies. The programme has 3 outcomes:

1. enhanced performance of Baltic research internationally;
2. improved skills and competences of students and staff in higher education (including the pre-defined project of visiting lectureship of Norwegian language and literature at the University of Tartu;
3. increased competence of educational staff related to working with SEN (including the pre-defined project of developing and enhancing the teaching quality of inclusive education curriculum).

The programme is financed by the EEA Grants and the maximum amount of programme grant is 7 100 000 euros and the total budget of the programme is 8 352 941 euros. EE-Research programme agreement was signed on 18 June 2018.

For the Baltic Research Programme the setup of management and control system started in 2018 and was finished in 30 January 2019 when as a result of the compliance audit the Audit Authority concluded that the management and control systems of the Programme Operator and Implementing Agency’s for the European Economic Area Financial Mechanism 2014-2021 Baltic research programme in Estonia covers all required functions and are in all material aspects proportional, effective and in compliance with generally accepted accounting principles in relation with achieving the objectives of the programme.

**Outcome 1**

Although 2018 was, mostly a year of preparation of implementation, the Baltic Research Programme managed to launch the first open call for research collaboration and organize matchmaking event on 25 October 2018. Prior that the Programme Committee of the Baltic Research Programme was formed in June 2018 and gathered for the first meeting on 29-30 August 2018 in Tallinn. In 2018 call, the priority was given to the applications addressing the following challenges in the Baltic region:

1. Public health; translational medicine; health technologies
2. Migration; social inclusion
3. Regional cyber security; public security
4. Environmentally friendly solutions
5. Regional economic development; employment; labour market regulations and social policy
6. More effective use of resources

The information about the call was widely disseminated and the programmes launching and matchmaking event turned out to be a great success as there were around 250 interested participants from Estonia, Latvia, Lithuania, and Norway. The interest shown by the research community stayed enormous and ended with the submission of 130 proposals by deadline 31 January 2019. The eligibility checks and evaluation procedures had not been finished by the time of reporting.

**Outcome 2**

For outcome 2 (higher education) the year 2018 was mostly a preparatory year with a purpose to make all the necessary preparations and open the programme activities for higher education scholarships and two pre-defined projects. The Cooperation Committee was formed in August 2018 and gathered for the first meeting on 10 January 2019. The Cooperation Committee meeting was fruitful and enabled the Programme Operator in cooperation with Archimedes Foundation to launch the first call for proposals for cooperation projects in higher education and learning mobility projects within higher education on 25 February 2019. In total 12 eligible project applications were submitted by the deadline 25 April 2019. Out of 12 applications, 10 were cooperation project and two staff mobility applications. The topics of the projects varied greatly, they included language teaching, environmental awareness, technical and medical advancements, etc. The selection committee gathered on 5 July 2019 and decided to fund top four applications in the ranking list. Unfortunately, both mobility projects ranked to the reserve list and therefore it was suggested to set aside a quota for mobility projects for next year since the programme is intended to achieve also this outcome.

*Pre-defined project “Visiting lectureship of Norwegian language and literature at Tartu University”*

In the year 2018 the management of the College of Foreign Languages and Cultures, Professor of the Department of Scandinavian Studies, programme director and other staff members held seven different meetings during which they discussed the future of the curriculum of Norwegian language and literature and possible tasks and responsibilities of the lecturer of Norwegian language and literature. In the meetings, they prepared the vacancy notice, which received a favourable assessment from the administration of the University of Tartu. In addition, the programme council of the college discussed the curriculum of Scandinavian studies and provided useful input for more effective development in the studies of Norwegian language and culture. The Vice Director of the college, Assistant to the Head and Programme Director of Scandinavian Studies met with the representatives of Estonian Ministry of Education and Research and the representatives of Norwegian partners to agree on the launch of said project.

**Outcome 3**

*Pre-defined project “Developing and enhancing the teaching quality of inclusive education curriculum”*

In 2018, local working team from University of Tartu and Tallinn University was formed and several joint meetings were held to clarify the aim and objectives of the project and the role of both universities as the partners of the project. The plan of long-term activities and the action plan for 2019 was developed in close cooperation with Tallinn University. Agreements on the scientific approach to the project activities have been developed and agreed between universities.

# EE-Innovation (Green ICT)

EE-Innovation programme is operated by the Ministry of Economic Affairs and Communications of Estonia. The foundation Enterprise Estonia is acting as implementing agency. The programme has one outcome - increased competitiveness of Estonian companies within focus areas Green Industry Innovation, ICT and Welfare Technology.

The programme is financed by the Norwegian Grants and the maximum amount of programme grant is 23 000 000 euros and the total budget of the programme is 27 058 824 euros. EE-Innovation programme agreement was signed on 26 April 2018.

For the EE-Innovation programme, the setup of management and control system started in 2018 and was finished in 25 January 2019 when as a result of the compliance audit the Audit Authority concluded that the management and control systems of the Programme Operator and Implementing Agency for the implementation of the Norwegian Financial Mechanism 2014-2021 programme “Green ICT” in Estonia covers all required functions and are in all material aspects proportional, effective and in compliance with generally accepted accounting principles in relation with achieving the objectives of the programme.

For the EE-Innovation programme, 2018 was mostly a year of preparation for implementing the programme. Although the small grants scheme was not opened in 2018, the programme team managed to organize the programme-opening seminar on 15 October 2018. Programme Operator and Implementing Agency in cooperation with Donor Programme Partner hosted 120 participants, of which 20 originated from Norway. The seminar focused on Green ICT programme: the aim, focuses, activities, eligibility and application. Many participants used the opportunity to present their project ideas and exchange the expectations towards bilateral partnership with potential partners.

In 2018, two Cooperation Committee meetings were organised. Cooperation Committee meetings focused on programme related topics, for example preparation of the open calls, eligibility issues, attracting companies towards the programme, bilateral events, etc. Some topics were under a more focused discussion, for example maximizing the bilateral effect of the programme through the events.

The small grants scheme was successfully launched in March 2019 and received 53 project applications by 13 May 2019. All the small grants scheme projects which will be financed are targeted to end before the end of 2019. Final reports and costs will be submitted for eligibility check by the end of 2019.

Programme agreement Annex II set the operational rules for the programme. In point 4.2 “Selection procedures” states that applications submitted under the open call and small grant scheme are assessed in accordance with Article 7.4 of the Regulation, but the programme agreement shall be amended following submission of the summary description of the procedure for the selection of projects to the NMFA. In the second half of 2018, selection procedures were a topic under ongoing discussions towards the amendment of the Annex II. As a result of the discussions, it was possible to open the small grant scheme in March 2019.

# EE-Localdev (Local Development and Poverty Reduction programme)

EE-Localdev programme is operated by the Ministry of Social Affairs. State Shared Service Centre is acting as Implementing Agency. The programme has four outcomes:

1. Enhanced wellbeing of children and youth;
2. Reduced domestic and gender-based violence and gender inequalities;
3. Improved prevention and reduced inequalities in health;
4. Historic town centres revitalised through heritage-based local development

The programme is financed both by the EEA and Norwegian Grants and the maximum amount of programme grant is 18 000 000 euros and the total budget of the programme is 21 176 470 euros. The concept note of the EE-Localdev programme was approved by donors on 7 March 2018. The donors have also approved the programme agreement and the signature procedure in in process.

For the EE-Localdev programme the setup of management and control system started in 2018 and was finished in 5 July 2019 when as a result of the compliance audit the Audit Authority concluded that the management and control systems of the Programme Operator and Implementing Agency for the implementation of the European Economic Area and Norwegian Financial Mechanisms 2014-2021 programme “Local Development and Poverty Reduction” in Estonia covers all required functions and are in all material aspects proportional, effective and in compliance with generally accepted accounting principles in relation with achieving the objectives of the programme.

* 1. **EE-Climate (Climate Change Mitigation and Adaptation programme)**

EE-Climate programme is operated by the Ministry of the Environment. The foundation Environmental Investment Centre is acting as Implementing Agency. The programme has three outcomes:

1. Ecosystem resilience increased;
2. Increased ability at the local level to reduce emissions and adapt to a changing climate;
3. Framework for Circular Economy strengthened.

The programme is financed by the EEA Grants and the maximum amount of programme grant is 6 000 000 euros and the total budget of the programme is 7 058 824 euros. The concept note of the EE-Climate programme was approved by donors on 11 February 2019. The donors have approved the programme agreement and the signature procedure has been started.

For the EE-Climate programme the setup of management and control system started at the first quarter of 2019 but due to the structural changes in the Ministry of the Environment, they needed some extra time to redesign the programme implantation scheme in order to involve The Foundation Environmental Investments Centre as Implementing Agency.

# Status of bilateral funds

# Bilateral initiatives at the level of NFP

In 2017 and 2018, the bilateral relations between Estonia and the donor states were strengthened mainly through the projects financed from the Fund for Bilateral Relations at National Level but some events were also organized by the programme operators at programme level.

The first and exceptional Work Plan (covering the partial elements of the Work Plan) of the JCBF was developed to cover the bilateral projects during the Estonian EU Presidency (autumn 2017):

1. “4th Eastern Partnership Business Forum” – Conference on the “Role of Media in shaping public opinions in Eastern Partnership countries. Case of Ukraine: Challenges and Benefits of European Integration”;
2. “The Kingdom of Norway and the Republic of Estonia – strengthening the digital cooperation”.

The fully covered Work Plan for the next 2 years was adopted by the JCBF in June 2018. It also included the third initiative:

1. “Co-operation and mutual exchange of information between the Labour Inspectorate of Estonia and the Labour Inspection Authority of the Kingdom of Norway concerning effective protection of working conditions for posted workers and eliminating hazards causing accidents at work and occupational diseases” (this initiative will be carried out within 3 years)

The new Work Plan of the JCBF and new potential bilateral initiatives will be discussed at the JCBF meeting in the second half of 2019.

# Bilateral activities at the level of programmes

**Bilateral Funds for programme EE-RESEARCH**

In October 2018 the matchmaking event for the call of research collaboration was organized in Tallinn to enable the researchers from Estonia, Latvia, Lithuania and Norway have some networking. Interest towards this event was big and the available seats were filled before deadline. Total number of participants was around 250 - approximately 130 from Estonia, 70 from Latvia, 30 from Lithuania, 20 form Norway.

The opening conference for educational programmes took place in March 2019 in Oslo and three representatives from the Archimedes Foundation took part in this. Fund for bilateral activities have used also to take part in programme operators´ meetings in donor states.

**Bilateral Funds for programme EE-Innovation**

During the reporting period, several bilateral events and activities took place at EE-Innovation programme level. The aim of the events was to attract companies to take part in programme activities prior the opening of the small grant scheme and main call. These activities also contribute to the outcomes as are focused to the strengthening bilateral relations between Norway and Estonia.

Programme Operator, Implementing Agency and Donor Programme Partner have facilitated participation in the Oslo Innovation Week in 2 consecutive years, 2017 and 2018. The main aim is to benefit from the existing network present in such a big annual event, but also to facilitate Estonian companies’ effort to find new partners for their projects within the programme. In addition to participating in the Oslo Innovation Week, programme team initiated separate side event in 2017. E-Estonia seminar was organised in cooperation with Innovation Norway, Estonian Investment Agency, Norwegian Estonian Chamber of Commerce and Estonian Association of Information Technology and Telecommunications. The event presented a high-level participation and vast interest from the Estonian as well as Norwegian companies. Seminar hosted 200 participants altogether and provided a platform for networking and matchmaking.

In 2018, a group of Estonian companies visited Circular Economy conference and matchmaking in Oslo Innovation Week 2018. The focus of this bilateral event was on matchmaking and partner search activities, using the existing platform of diverse participants attending the international seminar. The matchmaking during the Oslo Innovation Week provided new contacts and opportunities to find partners for projects.

The Public and Private Digital Leadership Summit and Norwegian-Estonian Business Forum in April in Tallinn was undoubtedly a top bilateral event in 2018. More than 200 participants from Estonia and Norway visited the two-day seminar that presented relevant topics to both Estonian and Norwegian companies: e-Estonia as an advanced builder of digital society, X-road solution connecting the digital infrastructure, block chain opportunities and Norway Grants 2014-2021 Green ICT programme. In addition to the presentations, the seminar provided plenty of mingling and matchmaking opportunities, also B2B meetings between industrial investors, technology businesses, etc. As the event was organised as part of the state visit of His Royal Highness the Crown Prince of Norway to Estonia, it showed the high-level participation and media attention. In addition to the vast bilateral impact, the seminar set a milestone to the Green ICT programme. On April 26th 2018, Norwegian State Secretary of Ministry of Trade, Industry, and Fisheries and the Minister of Estonian Ministry of Finance signed the programme agreement that constitutes the start of the Norway Grants 2014-2021 Green ICT programme in Estonia.

As a follow-up event, the programme-opening seminar was organised on October 15th, 2018, to provide detailed information about the Green ICT programme. Programme Operator and Implementing Agency in cooperation with Donor Programme Partner hosted 120 participants, of which 20 originated from Norway. The seminar focused on Green ICT programme: the aim, focuses, activities, eligibility and application. Many participants used the opportunity to present their project ideas and exchange the expectations towards bilateral partnership with potential partners.

**Bilateral Funds for programme EE-LOCALDEV**

Due to development phaze of the programme, no bilateral activities have been implemented during this reporting period.

**Bilateral Funds for programme EE-CLIMATE**

Due to development p haze of the programme, no bilateral activities have been implemented during this reporting period.

# Management and implementation

* 1. **Management and control systems (MCS) on the level of National Focal Point**

The management and control systems of the National Focal Point, the Certifying Authority, the Audit Authority, and the Irregularities Authority were set up in 2017 and audited in the first half of 2018. As a result of the compliance assessment of the description of the management and control systems the Audit Authority was in the opinion that these are proportional, effective and in compliance with generally accepted accounting principles in relation with achieving the objectives of the programmes and that the managerial set up is in line with the requirements of the Regulations of the EEA and Norway Grants.

In March 2018, as a result of public administrative reform initiated by the Estonian Government, it was decided to consolidate and authorize the functions of the Managing Authority, Certifying Authority and Implementing Body from Ministry of Finance to SSSC, starting from 01.09.2018. As the management of different funds (ESIF, ESF, FI, NO/EEA Grants, etc.) on the level of MA/CA/CA has long been consolidated in the Ministry of Finance, the initiated public reform also affected the functions NFP/CA/IB of NO/EEA Financial Mechanisms for 2014-2021 in Estonia. As a result, amendment of Memorandum of Understanding was initiated and amendments were signed on the 5th of November 2018.

In 2019, as Estonian Government authorized SSSC to centrally manage, certify and implement foreign funds in the SSSC, the Ministry of Social Affairs (acting as Programme Operator for the programme LOCALDEV) decided to delegate the implementation of the programme to the SSSC. In order to ensure the required separation of the functions of the CA and implementing functions inside the SSSC, the FMO and the SSSC agreed on the new setup (separation of CA tasks from NFP). As a result, the third amendment of the Memorandum of Understandings was signed on the 21st of June 2019.

* 1. **Management and control systems (MCS) on the level of programmes**

At the programme level, setup of management and control systems started for all programmes in 2018. Therefore, the Audit Authority was able to perform the compliance assessments of the descriptions of management and control systems for the following programmes: EE-Research (Baltic Research Programme) at the first quarter of 2019 and EE-Localdev at the second quarter of 2019. The auditor’s opinions were submitted to the FMO on April 3rd, 2019 and on July 25th, 2019. As a result of the first two compliance assessments, the Audit Authority was in the opinion that the management and control systems of the previously mentioned programme operators for implementation of the EEA Grants in Estonia covers all required functions and are in all material aspects proportional, effective and in compliance with generally accepted accounting principles in relation with achieving the objectives of the programmes.

1. **Complaints**

No complaints have been received

1. **Irregularities**

No irregularities have happened

1. **Audit**

No audits have been undertaken

# Communication

Main communication channels:

* Homepage [www.eeagrants.fin.ee](http://www.eeagrants.fin.ee)
  + Updated information about ongoing and upcoming events
  + All documents (legislation)
  + English and Estonian languages
* Social media page „EEA and Norway Grants Estonia“
  + 439 followers
  + Syncronized information with homepage

**Public awareness of EEA and Norway Grants in Estonia**

In last three years, it has been 11% (2016), 19% (2017) and 14% (2018). The next public awareness survey will take place in September-October and the results will be public in the first half of November 2019. The results will be presented to public audience on web page and in social media.

Last year the main activity that was done to raise public awareness about EEA and Norway Grants in Estonia was a big TV Project named „Trip around Estonia“ in collaboration with European Structural Funds. It ran on national TV channel 16 times from September to December and was on air in absolute prime time – Friday evening. TV host was beloved Estonian singer Ivo Linna and all episodes presented projects done in Estonia, 4 of them funded from EEA and Norway Grants. That TV show was very popular and there were 102 000 viewers per episode in average and national TV also rebroadcasted the show in summer 2019. The viewability of that TV show was in TOP 5 in many months.

In 2018, a new EEA and Norway Grants communication strategy 2014-2021 was written.

**In year 2019**

* We changed social media logo to a jubilee logo;
* A new public awareness survey will take place in September, we will get the results in November;
* Formation of a new communication officers network for programme operators (PO);
* Consulting Programme Operators about their content in communication strategy and planning a joint social media strategy;
* Two TV clips in a TV show called “Estonia - full of experiences” presenting projects, success stories funded by EEA and Norway Grants (content marketing). TV show was on air on Kanal 2 and on prime time: Monday evening at 9 p.m. + two rebroadcasts in other week day mornings. One clip was about manor schools that is widely known project in Estonia. A number of buildings were restored with support from the Ministry of Culture. The state's contribution laid the groundwork for channeling EEA and Norway Grants funds for revitalizing the cultural heritage. This allowed the children’s learning environment to be improved and enabled multifunctional use of the buildings. The amount of EEA and Norway Grants funding was mentioned in TV clip and there was used the jubilee logo;
* The other TV clip was about Skeleton Technologies, a successful Estonian company that had support from EEA and Norway Grants years ago and they are a huge success now, expanding and describing themselves like this: “For us, developing and producing the best ultracapacitor cells, modules, and systems in the world is means to an end: helping companies save energy. Ultracapacitors excel where other energy storage technologies fail and this gives us the opportunity to help companies that otherwise might not be able to hybridize or electrify their businesses.” <https://www.skeletontech.com/>. The amount of EEA and Norway Grants funding was mentioned in TV clip and there was used the jubilee logo.
* Both videos we also shared on Facebook (and the Embassy of Norway reshared them from there) and we plan to upload them also to our homepage.

# Monitoring and evaluation

1. **Monitoring**

Due to the early stage of implementation, no monitoring activities were carried out by the NFP.

1. **Evaluation**

The evaluation plan has not been submitted as all program agreements have not been signed by the time of reporting.

# Issues for the annual meeting

Estonian National Focal Point would like to raise the issue of using the funds of Technical Assistance for 2014-2021 period, as at the end of previous period donors decided to reallocate Technical Assistance funds of 250 000 euros to bilateral initiative. Thus, the budget of Technical Assistance funds was finished one year before the actual tasks were finished. Therefore, NFPs/CAs/AAs tasks related to the closing of previous period have been financed from the funds of 2014-2021 period.