****

**Annual Meeting of the EEA and Norwegian Mechanism 2014-2021 Estonia**

Date: June 10, 2022

Venue: Kai Art Center (Peetri 12, 10415 Tallinn)

Virtual participation possible through Teams link

Added:

1. Agenda of the meeting
2. List of participants
3. Presentations

**Opening remarks and adoption of the agenda**

The Annual Meeting (AM) was opened by the Head of the National Focal Point (NFP), Mr Martin Karro, who welcomed the participants and introduced the agenda of the meeting.

Mr Jon Erik Strømø, co-chair from the donor side, welcomed the participants on behalf of the donors. He thanked Estonia for its secure and efficient implementation of the Grants.

**Annual Strategic Report**

Mrs Laura Pikkoja, from the NFP, gave an overview of the Annual Strategic Report (SR). While other topics were more or less covered in the following agenda points, the presentation focus was mostly on political, economic and social context of programme implementation, presented by Mrs Miryam Vahtra from the Ministry of Finance of Estonia.

Mrs Laura Pikkoja emphasised that although the disbursement rate is quite low, it has doubled since the cut-off date of the previous Strategic Report and is expected to grow faster now when most of the funds have been committed. The NFP does not consider the current disbursement rate as too much of a concern despite the previous delays during the preparatory phase followed first by the pandemics and now the war in Ukraine.

Further, the bilateral activities are intensifying both at the national and the programme level. The commitment rate is currently close to 100% and previously postponed activities are now being implemented.

For the second time NFP carried out a national performance analysis of the functioning of the management system. As a result of the analysis NFP can confirm that the system is functioning well.

The main risks identified by the NFP are related to the consequences of the war in Ukraine. Together with COVID-19 related effects, it may cause some difficulties in achieving all the expected results before the end of the eligibility period. Nevertheless, the NFP is expecting that all projects can be carried out within the programming period.

Communication between all relevant parties is crucial in mitigating risks and the ongoing active communication is considered overall very good. On these bases the overall risk of the programmes, on a scale of 1-4, is assessed to be medium low (2).

Mr Jon Erik Strømø noted with appreciation the efficient implementation of the Grants in Estonia despite all the challenges. He thanked the NFP for submitting the SR on time. He commented that the report was well written, informative and gave detailed overview of key activities and the identified key risks. The uncertainties are present in all the Beneficiary countries and it is noted that Estonia is committed to implement and finish projects within the eligibility period. Having good contact with FMO, embassy and other relevant partners is important and appreciated, especially during the ongoing challenging times.

Mr Martin Karro emphasised the good communication and brought out the quarterly meetings with POs for getting the necessary overviews of the programmes and serving as an early warning system. For the time being the NFP sees no red warning signals., The NFP informed they will involve all relevant partners, FMO, donor representatives, if and when necessary, due to elevation of the assessed risks.

Mrs Laura Pikkoja emphasised the good relations between NFP and POs in tackling challenges. POs feel comfortable to approach the NFP if they have questions or concerns and therefore problems are addressed and solved before they escalate. It was also reported that NFP participates in Cooperation Committee and Selection Committee meetings as an observer benefiting further the NFP’s monitoring of the implementation and state of play of programmes.

**Decision:** The fourth Annual Strategic Report was approved.

**Bilateral Cooperation**

Mrs Laura Pikkoja presented an overview of the bilateral funds both at the national and programme level and informed about the decisions made at the JCBF meeting conducted the day before the Annual Meeting.

Mrs Laura Pikkoja emphasised that the 2 crisis in the world have influenced more the bilateral relations but as physical events and travelling are now possible again activities are being implemented and good enhanced cooperation’s are being formed. Currently there are 4 finished and 8 ongoing initiatives at national level. Out of these 12 initiatives 6 were approved by the JCBF since the last Annual Meeting in June 2021. Currently there are more proposals/ideas than can be budgeted as almost all the BF budget has been committed.

Mr Jon Erik Strømø commended Estonia for having a great variation and good content of BF activities. Despite all the difficulties (COVID-19 and travel restrictions) Estonia has progressed very well. He also thanked the Norwegian Embassy for being very active and supportive in establishing good initiatives and excellent collaboration with the national partners in Estonia.

Mrs Else Berit Eikeland from the Norwegian Embassy thanked NFP for the good cooperation and flexibility as the Grants are a priority for the Embassy and to engage with new bilateral partners. This strengthens both the political and cultural relations and some of the initiatives even might impact history.

Mrs Sigrún Bessadóttir from the Embassy of Iceland was also very grateful for the flexibility and good work and stated her satisfaction with the good progress made within the bilateral fund despite the difficult circumstances.

**Progress of programmes and risk assessment**

Mrs Laura Pikkoja gave an overview of the overall status of programmes (EE-Localdev, EE-Research, EE-Innovation, EE-Climate).

She reported that all calls (21 across the four programmes) have been launched and all pre-defined projects appraised and are being implemented, and most of the funds therefore committed. There are over 180 projects contracted (including bilateral fund projects) including quite a lot of good donor partner projects. The main challenges are related to the pandemics and the war in Ukraine. Overall risk level of programmes is assessed to be 2 on a scale of 1 to 4. The overall risk is not considered high due to the good established communication among all partners and active monitoring of the implementation.

Mr Jon Erik Strømø acknowledged and praised the good work of Estonia for active and efficient implementation and for the already visible good progress. It is appreciated by the donors that all calls are launched and most of the projects are ongoing. He thanked the POs and Implementing Agencies for continued good work at programme level. It is also noted that although Estonia is recovering well from the COVID-19 pandemic and now coping well with the new uncertainty brought by the new crisis caused by Russia’s invasion to Ukraine, there are risks that need to be closely monitored. He reminded on the letter from the FMC since March 2022 and encouraged the NFP to have a close contact with FMO also for guidance during these difficult times.

For the EE-Research programme there was a question from donors on how the NFP sees the regional cooperation between the Baltic States within the programme.

Mr Martin Karro mentioned the good contacts with NFPs from Latvia and Lithuania. He stressed that the Estonian NFP finds it important to exchange knowledge and experience with Latvia and Lithuania. There are no big problems but there are some technical issues that should be taken into consideration while planning the new period. Namely, as all Baltic States have the same EEA and Norwegian Grants regulation base it should be secured that all have the same or similar requirements/forms for involved partners across these three countries. Today the level of bureaucracy is quite different in these countries.

Mrs Laura Pikkoja added that content wise the implementers are very satisfied.

Mr Jon Erik Strømø asked if difficulties of project promoters providing co-financing due to changes in economic situation causing few projects being cancelled or delayed regarding previous calls is something EE-Innovation programme takes into consideration when planning limited call in autumn 2022.

Mr Tanel Tomson from the Ministry of Economic Affairs and Communications explained that previously there have been several different calls, financed form different resources, at the same time and this is why some companies did not apply previously but are ready to apply now. The PO and Implementing Agency already know that some organisations are already waiting for that call and are eager to participate, thus reassuring that there is enough interest and capacity among organisations to fully utilise the budget allocation for this last planned call within the programme.

Mr Jon Erik Strømø also expressed donors concern regarding the EE-Climate programme and its capability to finish all the planned activities within the eligibility period due to the calls being launched this late in the timeframe and as some of the activities include infrastructures.

Mrs Kertu Sepp from the Ministry of Environment informed that the PO sees a slight risk with the last call that has the largest budget and possibly the largest projects as well. As a mitigation action the PO is in close contact with all the applicants and they are trying to find projects that are more mature and ready to be implemented because there will only be 18 months for implementation. The PO will take this into consideration when evaluating projects and try to approve only projects that are really manageable in this timeframe.

Mr Borgar Thor Einarsson from the FMO gave an overview of programmes operated by the FMO (Active Citizens Fund, Social Dialogue – Decent Work, the Fund for Youth Employment, and the Fund for Regional Cooperation).

Mr Martin Karro thanked FMO for the overview and was impressed by the choice of activities and experienced partners in FMO operated programmes/projects.

**National Management and Control System**

Mrs Laura Pikkoja emphasised that there have been no significant changes in relation to the national level MCS. On FMO’s request the BDO LLP conducted a Systems Audit of the National Structure in Estonia for the EEA and Norwegian Financial Mechanisms 2014-2021. Two minor observations were made. The final audit report from September 2021 confirmed the adequacy of the MCS. In addition to this, as a result of the NFP annual performance analysis, the NFP can confirm that overall the national management system is functioning well.

Following 2021 project audits no ineligible costs were discovered. The total projected error rate lies below the error tolerance rate of 2%. In 2022 four project audits were concluded with no observations. 2 draft audit reports have reported irregularity suspicion. The Audit Authority (AA) relied on the results of the System Audit the BDO LLP conducted and decided not to conduct any additional system audits of the FM during the year 2021. The AA initiated a Management Control System audit of the EE-Innovation programme in the beginning of June 2022.

The Irregularities Authority has not received any complaints. There have been no big or systemic irregularities and the irregularities proceedings can be considered effective.

Cooperation with the POs in preparing the forecast is also considered good. The donors were informed that since September 2021 even more detailed information is gathered from POs to make better sure the forecast is accurate. Main reason for not reaching the forecasted amounts is mostly due programme activities being postponed due to unforeseen reasons. As the importance of accurate forecasts for donor countries is well understood it is important to work together with POs to be more precise in the future.

Mr Jon Erik Strømø was happy to note that the national setup for the implementation of the Grants works well and there is good functioning of the authorities involved. Donors appreciate the good cooperation between authorities, the NFP and the FMO. Overall donors are satisfied with the national system. Donors understand the challenges of putting together accurate forecasts while there are many issues making it difficult. Nevertheless, donors stress that it is important to prepare and submit realistic disbursement forecasts and that there is no need to add safety layer to the forecast. It is also noted that the interim financial reports (IFRs) are of good quality and are submitted timely.

**Publicity and Communication**

Mrs Katrin Romanenkov from NFP gave an overview of the publicity and communication activities. Among other communication activities being implemented in Estonia she specifically emphasised the memories from last year’s celebration of the Estonian-Norwegian 100 years of diplomatic relations, this years’ Norway Constitution Day article and social media quiz, and the planned two TV clips to be aired in a TV show called “Estonia - full of experiences” presenting projects supported through Active Citizen Fund.

Mr Jon Erik Strømø applauded NFPs effort in promoting the Grants both in traditional media and in the use of different digital channels. He commended the NFPs effort of having regular public awareness surveys and is looking forward to seeing these surveys continue. The results of the survey in the future may be positively affected after we have more projects and success stories to visualise.

Mr Borgar Thor Einarsson added that special emphasis should be put on communicating success stories as implementation is maturing and projects being implemented with results. He suggested that the feeling of accomplishment is a great motivation for everyone involved therefore finding time and putting up success stories is so important now.

**Impact of the war in Ukraine and response of Estonia**

Mr Martin Karro gave a short overview of the situation in Estonia after the Russia’s invasion to Ukraine. Estonia is Ukraine's largest contributor when considering the population ratio. Currently, more than 40,000 war refugees have been welcomed to Estonia and are being offered the widest possible access to Estonian society: the labour market, education and health care. Estonia's total humanitarian aid contribution currently stands at 17.9 million Euros, including support from civil society and the private sector. In response to the humanitarian crisis, a Ukrainian humanitarian aid office was set up at the Ministry of Foreign Affairs in early March to coordinate several major relief missions to respond to Ukraine's requests for food aid, temporary shelter and health assistance and other transport and logistics assistance.

As for the possible effects on the implementation of the Grants, the State Shared Service Centre has had a thorough look on all projects and how are they operating. The main impacts assessed relate to higher construction price, but also on digital projects and overall capacity to manage programmes due to reduced capacity. Risks are more theoretical than practical at this point of time. Related risks are closely monitored and there is a readiness to act quickly on decision making if needed. NFP appreciates the additional flexibility provided from the donors.

Estonian National Social Insurance Board initiative „Creating a comprehensive trauma training programme for Estonia with special attention on the war in Ukraine and its refugee crisis“ was approved by JCBF in May 2022. This initiative is a great example of cooperation between different relevant partners to support the challenging situation with refugees in Estonia. NFP appreciates the contribution of everyone who helped to make it happen.

Mr Jon Erik Strømø appreciated the overview given and the demonstration how the war in Ukraine is impacting Estonia and possibly affecting the implementation of the Grants. He stressed the importance to find good projects and good solutions wherever needed and possible. In doing so the long term aims of the Grants should not be forgotten though. The Bilateral Fund is the most suitable for the purpose of providing additonal support. There is a mutual bilateral interest when it comes to supporting the refugees. He referred to the letter of FMO from March 2022 on the topic about the use of funds to address the refugee crisis in Beneficiary States. He encouraged the NFP to contact FMO in case there are any questions or clarifications needed concerning the letter.

**Closing remarks**

Mr Martin Karro thanked all the participants for all the good comments and active participation during the Annual Meeting, for helping with the preparations and for all the feedback. He emphasised that the NFP remains positive and expects that disbursement rates will continue to rise sharply as the implementation is now in full speed.

Mr Jon Erik Strømø acknowledged again the continued good work on the implementation of the Grants and the good and close cooperation with all the different partners, including the representatives of the donor Embassies, DPPs and the FMO. The donors main concern now is the limited time left for implementation and he emphasised the need to continue to focus on efficient implementation. He also stressed, going forward, the need to report on actual outcomes and achievements of the activities being implemented. Since negotiations on a future mechanism are just starting it is important to look at the current setup and lessons learnt in order to provide input and proposals for the new mechanism.

Mrs Else Berit Eikeland thanked NFP for the good cooperation and emphasised again that bilateral relations are priority of the Embassy.

Mrs Sigrún Bessadóttir thanked for the effective meeting and is looking forward to continue following the great work.

Mr Borgar Thor Einarsson emphasised that we are at a critical stage of the implementation were all partners need to be fully focused on reaching the outcomes we have planned and agreed. He also stressed the importance of communication, collaboration and encouraged to turn to FMO for guidance as needed.