*STRATEGIC REPORT   
FM14-21*

Lithuania

Reporting period:

19 March 2019 - 19 March 2020

# 1. EXECUTIVE SUMMARY

The strategic report reflects the implementation of the European Economic Area (hereinafter – EEA) and Norwegian Financial Mechanisms during the period from 19 March 2019 to 19 March 2020 and contains the information on progress in developing the National level Management and Control System (hereinafter – MCS) and programme level MCSs, implementing the programmes, as well as status of bilateral funds, performed audits, key communication activities and other important issues.

The EEA and Norwegian Financial Mechanisms 2014-2021 in Lithuania are implemented through 6 programmes. All the Programmes’ agreements (i.e. “Business Development, Innovation and SMEs”, “Culture”, “Health”, “Research”, “Environment, Energy and Climate Change”, “Justice and Home Affairs”) were signed during the reporting period.

The contract of the pre-defined project (hereinafter – PDP) *FIXUS* under the programme “Culture” (the only PDP of this programme) was signed and the call for proposal “*Supporting access to culture and strengthening cultural education”* was currently launched. A positive appraisal of five PDPs under the programme “Health” was notified by the Financial Mechanism Office (hereinafter – FMO) and all five contracts of PDPs under this programme were signed.

Also, the first payments were made under the programmes “Culture” and “Health” (in IV Q of 2019, advance payments made for PDPs). The PDP *FIXUS* aims at stimulating the revitalization of local-level cultural heritage via consultations to heritage owners on the subject of maintenance of those objects. The payments made under the programme *“*Health” are intended to the adaption and implementation of the Incredible Years Programme in Lithuania and adjustment and coordination of the Youth-Friendly Health Care Service Provision Model at national Level.

In the programmes the allocations from the Fund for Bilateral Relations (hereinafter – FBR) are made by organizing open calls and based on pre-defined activities. The allocations specified in the Memorandum of Understanding (hereinafter – MoU) are distributed by Programme Operator(-s) (hereinafter – PO(-s)) in cooperation with the Programme Cooperation Committee (hereinafter – CC) (where applicable). In 2019 the spending of the FBR was more intense and doubled, e.g. by 1 March 2020 more than EUR 140,000 from the FBR has been spent. This is a result of more activities carried out under programmes and is related to the approval of contracts of all the programmes.

During the reporting period, a detailed description of the MCS (hereinafter – DMCS) of National level (on 16 December 2019) as well as DMCSs of three programmes (“Culture”, “Health” and “Business Development, Innovation and SMEs”) have been approved. The National level DMCS and DMCSs of the aforementioned three programmes were also reviewed by the Audit Authority (hereinafter – AA).

The Rules for Administration and Financing of the EEA and Norwegian Financial Mechanisms 2014-2021 in Lithuania were also drafted and approved by the Minister of Finance on 12 June 2019.

On 20 March 2019 the contract for the website (**eeagrants.lt/norwaygrants.lt)** was signed and in the middle of 2019 a new website for the 2014-2021 period was launched.

Regarding the changes in the staff of the National Focal Point (hereinafter – NFP), it is worth to mention that since 1 September 2019 Ms. Rūta Dapkutė – Stankevičienė replaced the head of NFP Mr. Paulius Baniūnas. Also, the communication between the NFP and all involved institutions has been improved by assigning additional responsible person, thus ensuring a stronger risk management and troubleshooting.

# 2. Political, economic and social context

The **political situation in Lithuania has not changed significantly over the last year**. A new President of the Republic of Lithuania Mr Gitanas Nausėda was elected in May 2019 and new Parliamentary elections are scheduled for October 2020.

The Lithuanian economy in 2019 continued to grow fast amid weakening growth in the EU as a whole. A good financial position of households boosted domestic consumption, which was a key factor of economic activity. Macroeconomic indicators were generally positive with the stable **unemployment rate**. The shortage of skilled workers still persisted in the labour market, the bulk of new jobs in 2019 was created (and filled) in exporting sectors. Lithuania had a quite high **inflation** in 2019 (annual average 2.2%), but it was by 0.3 % less than in 2018 due to the effect of lower fuel prices.

As of January 2020, the resident population of Lithuania totalled 2 million 794 thousand. The total number of immigrants last year exceeded that of emigrants by 10.8 thousand.

Significant social and economic disparities across the regions still remain in Lithuania: disparities in income are driven mainly by labour productivity differences between Vilnius capital region and western-central Lithuania. Ageing and social exclusion predominantly affects the territories outside the major cities.

To reduce poverty, social exclusion and income inequality, spending on social benefits and wages has been increased in 2019: pensions and universal child benefit have risen, affordability of healthcare has been improved by taking actions to reduce out-of-pocket payments and exempting the most vulnerable groups from co-payments on medicines.

**Reforms of fundamental structural changes** that were continued in 2019 are expected to cope with such challenges as insufficient productivity growth, growing shortage of skilled workers as well as ageing society.

•The overall effect of the **tax** reform which came into force in 2019 has been a tax cut for the entire working population. The growth-friendly tax structure generated additional revenues for non-growth-related taxes (excise duties and real estate taxes).

•The **pension reform** included the actions aimed at ensuring that the general pension component is financed from the State budget. The pension accumulation scheme has been restructured and the lowest pensions were increased.

•The reform aimed at **combating shadow economy** is almost complete. This reform provided the incentives to pay taxes voluntarily; as a result of this opportunity an additional EUR 41.7 million was declared during the half-year tax amnesty period in 2019.

•One of the most important achievements of the **reform in the field of education** in the year 2019 is the change in the teachers' salary system, which gives about EUR 95 million extra salaries for teachers for two school years.

•The main challenges in implementing the **healthcare reform** are optimizing the hospital network and developing nursing services.

•The main achievement of the **reform in the field of innovation** in the year 2019 is the amendment of the Technology and Innovation Act, which opens up wider opportunities for researchers and entrepreneurs, and update of the Smart Specialization Programme.

In the field of **civic engagement** the trends remain unchanged: low trust of citizens in public institutions (President – 53%, Government – 34%, municipalities - 27%, Parliament – 11%, political parties – 8%) and low citizens’ participation in political decision making. It should be mentioned that the trust in non-governmental organizations (hereinafter – NGOs) is relatively high (52%, i.e. almost matching the President), so there is a potential in this sector.

It is also important to mention the potential impact of the Coronavirus (hereinafter – COVID-19) pandemic that has arisen early in 2020. This situation increases the risks related to the absorption of the EEA and Norway Grants 2014-2021 (hereinafter – Grants). As the COVID-19 pandemic-related crisis in Lithuania occurred only at the very end of the reporting period and its effects cannot be assessed at this time, all the consequences and the impact on the economic, political and social situation of the country, absorption of the Grants will be provided for in the Strategic Report for 2020.

In response to the non-standard situation, on 16 March 2020 the Government approved the Economic and Financial Action Plan: **10% of the national GDP (EUR 5 billion) will be allocated for the implementation of all the measures to mitigate the pandemic effects**. These funds will be used to secure employment, health and security for the population, and no doubt it will help business and stimulate the economy. The European Commission also makes amendments to the legislation and facilitates the absorption of the European Funds.

# 3. Effects of the Grants

It is only the beginning of the implementation of all the programmes and projects, so the effects of the Grants cannot be measured yet.

During the reporting period 2 bilateral relation (hereinafter – BR) initiatives outside the programmes meeting strategic BR domains (best practices between institutions and/or relevant organizations in the sphere of innovation and human rights) were successfully implemented.

As a result of BR of LGBT rights activist in Norway and Lithuania and other Baltic states (Oslo Pride; Association of LGBT; friends Mozaika; Estonian LGBT Association), the Baltic pride 2019 LGBT awareness raising festival and international human rights conference were organized in June 2019. Thanks to the Grants’ support the human rights activists could have meetings and discuss the problems related  to equal human rights. It is estimated that approximately 1000 participants took part at the Pride Park celebrations and the Pride Voices Gala event was attended by 250 people. The project promoted a sustainable cooperation among the three major LGBT organizations in the Baltic states and their partners from the donor state Norway in advancing LGBT human rights through the Baltic Pride platform. More information is available: https://www.youtube.com/watch?v=d7Dop5QNMZQ.

Another BR initiative was implemented as a result of a new partnership established between the Ministry of Finance of the Republic of Lithuania (hereinafter – MoF) and the Norwegian Ministry of Justice and Public Security and the Central Project Management Agency (hereinafter – CPMA) during the opening event of the EEA and Norwegian Financial Mechanisms 2014-2021. A joint initiative aimed at gaining more knowledge on investment approach in social investment area. During this initiative a joint conference was organized. The public sector representatives not only from Norway and Lithuania, but also from other countries and the European Commission together with the public investment planning and implementation experts discussed high-quality and productive public investments, explored the preconditions and measures for their emergence, and discussed the potential impact of investments. Participants indicated that the conference was very useful. It is expected that the partnership will continue with the partners from Norway after the implementation of this initiative. More information is available here:  [http://](http://tiny.cc/qo01ez)tiny.cc/qo01ez; <https://lnkd.in/dqTKurW>; https://www.norwaygrants.lt/programos/galerija/program/4/album/147.

# 4. Status of programmes

## LT-JUSTICE Justice and Home Affairs

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| **COMMON INFORMATION:** | |
| **Responsible institutions:** | **PO:** CPMA.  **DPP(s):**  The Norwegian Ministry of Justice;  The Directorate of Norwegian Correctional Service;  The Norwegian Courts Administration;  The National Police Directorate.  **Other Programme Partner(s):**  The Ministry of Justice of the Republic of Lithuania;  The Ministry of the Interior of the Republic of Lithuania;  The National Courts Administration of Lithuania;  The Prosecutor’s General Office of the Republic of Lithuania;  The Council of Europe. |
| **Programme Grant:** | Total: EUR 33,000,000 |
| EEA Grants: EUR 8,000,000  Norway Grants: EUR 25,000,000 |
| **STATUS OF THE PROGRAMME:** | |
| **Overall progress – Programme development and implementation** | **Approval of the Concept Note by Donors:** 4 July 2019  **Signature of the programme agreement:** 11 February 2020  **Signature of the Programme Implementation Agreement:** 4 March 2020  **Opening event**: planned for Autumn 2020  **PDP assessment**: will be launched in April 2020 |
| **How specific concerns in the MoU have been addressed:** | **Use of alternative sanctions to imprisonment**  PDP 3 “Development of Quality Based Lithuanian Correctional Service System” foresees renting 300 electronic monitoring devices, developing strategy on increasing the capacities and methods of use of this equipment and also promoting the benefits of using electronic monitoring devices among judges, prosecutors and inmates.  **Synergies between the programme areas**  This is a horizontal principle that cuts through all the PDPs. As a general principle, all training is not limited to a segment of a justice chain represented by the project promoter, but uses the holistic approach. This is especially true in case of PDP 4 “Improving Work Quality and Enhancing Competences of the Justice Chain to Protect Victims of Domestic and Gender-Based Violence”, which, inter alia, is going to train 1800 representatives from the whole justice chain and NGOs.  **Establishment of a training center and renovation of up to two pilot correctional centres**  This will be carried out by PDP 3 “Development of Quality Based Lithuanian Correctional Service System”. Inter alia, this project includes:   * Building and equipping of Training Center, and also development of training standard, design of 7 new curriculas, creation of e-learning platform, etc; * Construction of cell type living facilities and employment center at Vilnius Correction House; * Reconstruction of cell type living facilities with learning classes and occupancy rooms at Pravieniškės Correction House-Open Prison Colony.   **Focusing on the concept of the European judicial culture and the European Convention on Human Rights in the programme area “Effectiveness and Efficiency of the Judicial System, Strengthening the Rule of Law”**  In order to address this special concern, PDP 1 “Increasing the Quality, Services and Infrastructure in Lithuanian Courts” and PDP 2 “Building up Modern and Open Prosecution Service in the Republic of Lithuania” include such activities as studies in conducting of court and criminal proceedings, study visits to Norway and other countries, internship in Norway, development of methodology for judges, prosecutors and lawyers.  **Focusing on bilateral cooperation with the Norwegian Police Service to combat cross-border and organised crime**  One of activities of PDP 5 “Strengthening of Inter-agency Cooperation and Increasing of Crime Investigation Quality in the Lithuanian Police” is organizing operational meetings of the Lithuanian and Norwegian police as well as other law enforcement agencies focusing on the tactics of specific investigations, inter-agency cooperation and strategic trends and methods in addressing the organized crime.  **Focusing on the objectives and values behind the Istanbul Convention, policy improvements, police investigations, court proceedings and best practice developments.**  PDP 4 “Improving Work Quality and Enhancing Competences of the Justice Chain to Protect Victims of Domestic and Gender-Based Violence” is going to address this special concern by implementing a risk management information system, and making vast series of training and round table discussions with the aim to promote a zero-tolerance approach to gender-based violence. |
| **Problems related to programme development and implementation, with suggested solutions** | Although this is the most complex of all the Lithuanian programmes of the Norwegian and EEA Financial Mechanisms, it is implemented along with the schedule, with an exception of the launch event which was postponed till autumn due to the COVID-19 pandemic. The public procurement process is going to be the source of the main risk, and NFP will keep a close watch on this. |
| **Progress in strengthening BR with donor state entities, including the use of bilateral funds allocated to the programme** | Representatives of several PDP promoters took part in the activities of the SYNERGY network created by the Ministry of Justice and Public Security of Norway.  By the initiative of the Directorate of Norwegian Correctional Service, three international working groups were established and the Lithuanian Prison Departament is an active participant of these working groups. |
| **Work plan outlining the milestones for the implementation of the programme over the next year (according to the supplementary information) – including, as relevant, expected calls, meetings of the CC(s), and information and communication activities** | |  |  | | --- | --- | | **Timing** | **Activity/ Milestone** | | 30/04/2020 | PDP applications formally submitted to the PO | | 31/05/2020 | PDP finally appraised and contracted | | 31/05/2020 | Programme MCS submitted to NFP and audit started | | 15/08/2020 | Programme MCS confirmed by NFP | | 4 Q of 2020 | Launching event organised | |
| **Planned first expenditure:** | 2 Q of 2020: advance payments in all PDPs. |

## LT-INNOVATION Business Development, Innovation and SMEs

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| **COMMON INFORMATION:** | |
| **Responsible institutions:** | **PO:**  Agency for Science, Innovation and Technology (MITA)  **DPP(-s)**):Innovation Norway.  **Other Programme Partner:** the Ministry of the Economy and Innovation of the Republic of Lithuania. |
| **Programme Grant:** | Total: EUR 14,000,000 |
| EEA Grants: EUR 0  Norway Grants: EUR 14,000,000 |
| **STATUS OF THE PROGRAMME:** | |
| **Overall progress – Programme development and implementatio**n | **The Concept Note approved:** 19 March  2019  **Programme agreement signed**: 17 September  2019  **Programme launch event**: 12 November  2019  **Programme MCS approved by NFC:** 20 April 2020. |
| **How specific concerns in the MoU have been addressed:** | **Increasing competitiveness of the Lithuanian private enterprises by innovation in two focus areas: green industry innovation, including bio economy, (60%) and information and communication technologies (hereinafter – ICT) (40 %).** The latter focus area was added to the Concept Note.  The two focus areas are directly transferred to the call texts. Investments in projects are expected to ensure a long-term tangible impact measured by developed, commercialised and applied products or technologies, growth in net operational profit and turnover, new jobs created and decrease of CO2 emissions as well as the energy consumption. Additionally, the programme will be designed to stimulate BR and new collaborative activities between the Lithuanian and Norwegian industry. |
| **Problems related to programme development and implementation, with suggested solutions** | Due to incompatibility between call text recommendations and State aid principles, as it was found out by the Competition Council of the Republic of Lithuania, FMO was addressed for a clarification. This caused a delay in the implementation of the programme and the call announcement was moved from March to June 2020.  Also, two planned bilateral activities were postponed due to the COVID-19 pandemic. |
| **Progress in strengthening BR with donor state entities, including the use of bilateral funds allocated to the programme** | In 2019 bilateral activities under this programme  included the following:  •                          Participation of the Lithuanian entities in 3 bilateral events organized in cooperation with the DPP in Norway: “Green Industry and Digitalization Conference and Matchmaking”, “Breaking Barriers in Circular Economy”, “Green Industry and ICT Matchmaking”  •                          Organization of a bilateral event (conference and matchmaking) “Norwegian-Lithuanian Business Forum” on 8 May 2019 in Lithuania.  •                          Travel support to carry out individual visits to meet with potential project partners.  It was planned that major upcoming activities for 2020 will include the organization of  the Norwegian and Lithuanian Business Forum on 6 May 2020, which did not take place due to COVID-19 and participation of the Lithuanian entities in the bilateral event related to a circular economy during the Oslo Innovation Week 2020 (also postponed due to the COVID-19 pandemic).  The biggest challenge is to attract the Norwegian entities to participate in bilateral events organized in Lithuania, as well as to maintain their interest in the B2B matchmaking with the Lithuanian entities during the events organized under the Grants in Norway. |
| **Work plan outlining the milestones for the implementation of the programme over the next year (according to the supplementary information) – including, as relevant, expected calls, meetings of the CC(s), and information and communication activities** | Due to the highlighted State aid  issue and COVID-19 pandemic, the initial programme implementation plan was changed as follows:   |  |  |  | | --- | --- | --- | | **Timing** | **Activity / Milestone** |  | | 30/06/2020 | Launch of the call for green industry innovation |  | | 31/07/2020 | Launch of the call for ICT |  | | 05/06/2020 | CC meeting |  | | 10/2020 | Selection Committee for the green industry call |  | | 11/2020 | Selection Committee for ICT call |  | |
| **Planned first expenditure:** | I Q of 2021. |

## LT-ENVIRONMENT Environment, Energy, Climate Change

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| **COMMON INFORMATION:** | |
| **Responsible institutions:** | **PO:** CPMA.  **DPP(s):** N/A.  **Other Programme Partner(s):**  The Ministry of Environment of the Republic of Lithuania (MoEnv)  The Ministry of Energy of the Republic of Lithuania (MoEn)  The Ministry of the Interior of the Republic of Lithuania (MoI) |
| **Programme Grant:** | Total: EUR 12,000,000 |
| EEA grant: EUR 0  Norway Grant: EUR 12,000,000 |
| **STATUS OF THE PROGRAMME:** | |
| **Overall progress – Programme development and implementation:** | **Approval of the Concept Note by Donors:** 5 July  2019  **Signature of the programme agreement:** 11February  2020  **Signature of the Programme Implementation Agreement**:  4 March 2020  **Programme MCS:** the audit is scheduled to start in May 2020. |
| **How specific concerns in the MoU have been addressed:** | All the specific concerns stated in the MoU are relevant and now are at the implementation stage.  Decommissioning of the Ignalina Nuclear Power Plant and secure waste management will be addressed by PDP 4 “Safety of Ignalina NPP Radioactive Waste Management” with Ignalina Nuclear Power Plant acting as the Project Promoter and the Norwegian Radiation and Nuclear Safety Auhority acting as DPP.  Establishment of an early warning system on nuclear safety of Lithuania will be addressed by PDP 7 “Development of An Early Warning System on Nuclear Emergency of Lithuania“ with the State Fire and Rescue Service acting as the Project Promoter and the Norwegian Radiation and Nuclear Safety Auhority acting as DPP. |
| **Problems related to programme development and implementation, with suggested solutions** | Programme development and administration activities have been implemented properly, no specific problems were identified. |
| **Progress in strengthening BR with donor state entities, including the use of bilateral funds allocated to the programme:** | Project promoters and partners from donor states are cooperating and communicating by e-mail and online meetings. There are no specific issues in that aspect. |
| **Work plan outlining the milestones for the implementation of the programme over the next year (according to the supplementary information) – including, as relevant, expected calls, meetings of the CC(s), and information and communication activities:** | |  |  | | --- | --- | | **Timing** | **Activity/Milestone** | | 2 Q of 2020 | 6 PDP assessment | | 3 Q of 2020 | 1 PDP assessment | | June – August 2020 | Project contracts | | 2 – 4 Q of 2020 | Methodical support to project promoters | | Autumn 2020 | Programme launch event | | 4 Q of 2020 | Programme Committee meeting | | 2 Q of 2022 | Small grant scheme call “Local authorities” | |
| **Planned first expenditure:** | In 2 – 3 Q of 2020 advance payments in all 7 PDPs:  *“Monitoring of Marine Litter”;*  *“Improving Mapping and Monitoring of the Ecological Status of Marine and Inland Water”;*  *“HAZ-IDENT”;*  *“Safety Enhancement of Ignalina Nuclear Power Plant Radioactive Waste Management”;*  *“Creation of an Interactive Platform for Efficient and Balanced Energy Generation Planning”;*  *“ClimAdapt-LT”;*  *“Development of an Early Warning System on Nuclear Emergency of Lithuania”.* |

## LT-RESEARCH Research

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| **COMMON INFORMATION:** | |
| **Responsible institutions:** | **PO:**  the Research Council of Lithuania (hereinafter – RCL)  **Donor Programme Partner(-s)** (hereinafter – DPP(-s)):   * The Norwegian Agency for International Cooperation and Quality Enhancement in Higher Education (DIKU) * The National Agency for International Education Affairs (AIBA) * The Research Council of Norway (RCN).   **Other Programme Partner:** The Ministry of Education, Science and Sport of the Republic of Lithuania |
| **Programme Grant:** | Total: EUR 10,000,000 |
| EEA Grants: EUR 10,000,000  Norway Grants: EUR 0 |
| **STATUS OF THE PROGRAMME:** | |
| **Overall progress – Programme development and implementation** | **Approval of the concept note by Donors:** 12June  2019  **Call for Proposals Launched:** 3 February  2020  **Signature of the programme agreement:** 5 February  2020  **Opening event:** 5 February  2020  **Signature of the Programme Implementation Agreement**: 10 February  2020  **Programme MCS:** submitted in April 2020, the audit is scheduled to start in May 2020 |
| **How specific concerns in the MoU have been addressed:** | All of the total allocation of the programme, excluding management costs, is set aside for the “Baltic Research Programme” aiming at developing a regional research hub in the Baltic Region.  Support for mobility of researchers shall be a part of the programme.  The “Baltic Research Programme” is implemented according to the plan and keeping the purpose at least 95% of total allocation of the programme to set aside for the “Baltic Research Programme“. |
| **Problems related to programme development and implementation, with suggested solutions** | The Programme Manager of the PO was changed, thus causing some additional risk to the programme implementation. The risk was mitigated via frequent communication between RCL and other institutions of the MCS; the change of the staff did not have an overall impact on the progress of programme. |
| **Progress in strengthening BR with donor state entities, including the use of bilateral funds allocated to the programme** | For programme launching and matchmaking event (February 2020) the call for travel grant was organized: travel tickets, accommodation and daily allowance for researchers from donor countries (Norway, Iceland and Liechtenstein) attending the event are covered. |
| **Work plan outlining the milestones for the implementation of the programme over the next year (according to the supplementary information) – including, as relevant, expected calls, meetings of the CC(s), and information and communication activities** | |  |  | | --- | --- | | **Timing** | **Activity/Milestone** | | 03/04/2020 | Application deadline for the call for proposals | | 21/04/2020 | Submission of the programme MCS to NFP | | 01/06/2020 | Completion of audit and approval of the MCS by NFP | | 01/10/2020 | Evaluation of the proposals submitted  under the programme | | 01/11/2020–01/01/2021 | Signature of project agreements, beginning of the project implementation, first payments | |
| **Planned first expenditure:** | 4 Q 2020: first advance payments in projects. |

## LT-HEALTH Health

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| **COMMON INFORMATION:** | |
| **Responsible institutions:** | **PO:** CPMA.  **DDP(s):** The Norwegian Institute of Public Health  **Other Programme Partners:**  The Ministry of Health of the Republic of Lithuania;  The Ministry of Social Security and Labour of the Republic of Lithuania |
| **Programme Grant:** | Total: EUR 15,000,000 |
| EEA Grants: EUR 15,000,000  Norway Grants: EUR 0 |
| **STATUS OF THE PROGRAMME:** | |
| **Overall progress – Programme development and implementation** | **Signature of the programme agreement:** 3September  2019  **Signature of the Programme Implementation Agreement**: 4 September  2019  **Opening event:** 8 November  2019  **Programme MCS approved by NFP:** 20 April  2020  **PDP assessment:** completed (a positive appraisal of five PDPs were notified by the FMO, all five contracts of PDPs were signed);  **Preparation for launching calls:** project selection criteria for open calls for the development and implementation of the Youth- Friendly Health Care Services Model (Call 1) and equipment for health offices in pre-schools and schools with methodological tools (Call 3) are prepared and confirmed, related guidelines for applicants of the open calls are at the final preparation stage. Project selection criteria for the open call for testing and implementation of evidence-based, innovative  interventions and support mechanisms to support vulnerable children and youngsters at risk (Call 4) are also prepared (done after 19 March 2020). |
| **How specific concerns in the MoU have been addressed:** | All specific concerns in the MoU were addressed in the programme agreement. All 5 PDPs with activities focused on children and youth mental health are already under implementation.  The programme will provide support for mental health promotion and prevention measures with particular emphasis on the well-being of children and youth as well as their families by promoting:   * evidence-based activities by targeting and correcting children and youth behaviour problems; * consulting services for people experiencing emotional difficulties; * home visitation early intervention model; * youth-friendly health care services; * multi-dimensional family therapy; * etc. |
| **Problems related to programme development and implementation, with suggested solutions** | There were little delays in signing the PDPs project contracts, because most of the project promoters are new to the EEA financial mechanism, and it took some time for them to understand the system. The overall progress of the programme is slightly delayed because of the longer time period needed for preparing documents for open calls and on the issues with COVID-19. To help applicants to prepare the applications, PO plans to provide more online consultations and to give a longer term for providing applications. |
| **Progress in strengthening BR with donor state entities, including the use of bilateral funds allocated to the programme** | See part 5 *Status of Bilateral Funds*.  No issues were noticed. |
| **Work plan outlining the milestones for the implementation of the programme over the next year (according to the supplementary information) – including, as relevant, expected calls, meetings of the CCs), and information and communication activities** | |  |  | | --- | --- | | **Timing** | **Activity / Milestone** | | 06/2020 | Open Call 1 launched | | 06/2020 | Open Call 3 launched | | 06/2020 | CC Meeting (via e-mail) | | 07/2020 | Seminars for applicants of Call 1 and Call 3 | | 07/ 2020 | Open Call 4 launched | | December 2020 | The end of evaluation procedures of calls 1 and 3, project contracts signed | | 12/2020 | Open Call 2 launched | | 12/2020 | Small grant scheme launched | |
| **First expenditure:** | In 4 Q of 2019 - I Q of 2020, accomplished advance payment for two PDPs: *Adoption and implementation of the Incredible Years Programme in Lithuania* and *Adjustment and Coordination of Youth-Friendly Health Care Service Provision Model at National Level*. |

## LT-CULTURE Culture

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| **COMMON INFORMATION:** | |
| **Responsible institutions:** | **PO:** CPMA.  **DPP(s):** The Norwegian Directorate for Cultural Heritage,  the Arts Council Norway  **Other Programme Partner(s):**  The Ministry of Culture of the Republic of Lithuania |
| **Programme Grant:** | Total: EUR 7,000,000 |
| EEA Grants: EUR 7,000,000  Norway Grants: EUR 0 |
| **STATUS OF THE PROGRAMME:** | |
| **Overall progress – Programme development and implementation** | **The programme agreement signed**: 19 June  2019  **Programme opening event:** 20June  2019  **The Programme Implementation Agreement signed:** 1 July  2019  **Project agreement for PDP “FIXUS” signed:** 12 December  2019  **Matchmaking event**: 16 January 2020; more than 30 participants from the donor states participated in the event.  **Open Call 1  “Supporting Access to Culture and Strengthening Cultural Education” launched:** 26 February  2020  **Programme MCS approved:** 20 April 2020.  **Open Call 2 “Supporting Local Cultural Entrepreneurship” was planned to be launched**:  30 April  2020 (already have been launched) |
| **How specific concerns in the MoU have been addressed:** | Specific concerns (to stimulate local development and regeneration through support for cultural, creative and cultural heritage revitalization activities that involve and empower local communities, to ensure social inclusion and anti-discrimination and cross-sector partnerships) were incorporated in the Concept Note and transposed in the open calls and PDP.  Regarding Open Call 1 with the primary goal to improve the access to culture and enhance cultural education, the importance of partnership between international, national, regional and local organizations putting emphasis on multi-level cooperation, including local stakeholders, and addressing their specific needs, is attached and will be available in the Guidelines for applicants.  Within the Open Call 2, which aims at supporting local cultural entrepreneurship, the importance of local context of specific communities is also communicated in the Guidelines, which shall be available for potential applicants after the launch of the call.  The PDP of the programme will aim at stimulating the revitalization of local-level cultural heritage via consultations to heritage owners on the subject of maintenance of those objects. |
| **Problems related to programme development and implementation, with suggested solutions** | The Competition Council of the Republic of Lithuania points out that the Guidelines for Open Call 2 “Supporting Local Cultural Entrepreneurship” may not contain conditions that would lead to an imminent violation of the European Union law. Therefore, the granting of the State aid should not be linked to the obligation for the beneficiary (applicant or partner) to have its registered office in the Member State concerned or to be established in that Member State, i.e. should be without prejudice to the freedom of establishment enshrined in the Treaty on the Functioning of the European Union. PO revised the Guidelines for applicants of Open Call 2 and excluded the possibility of providing the State aid.  The COVID-19 pandemic had an impact on the implementation of the programme, and therefore timelines of both calls had to be revised as follows:  Open call 1 is extended until 30 October 2020;  Open call 2 is already launched (on 30 April 2020) and the deadline for the Concept Note submission is set to 20 September 2020. |
| **Progress in strengthening BR with donor state entities, including the use of bilateral funds allocated to the programme** | There were three bilateral initiatives implemented by the partners of the PDP. During the first bilateral initiative PDP partners met in order to discuss the planned project and possible bilateral partnership. During two subsequent bilateral study visits the partners of the planned PDP (LT and NOR) visited analogous projects in Belgium, Netherlands and Slovakia with the aim to gain experience and practical advice on planning and further implementation of the PDP. |
| **Work plan outlining the milestones for the implementation of the programme over the next year (according to the supplementary information) – including, as relevant, expected calls, meetings of the CC(s), and information and communication activities** | |  |  | | --- | --- | | **Timing** | **Activity/ Milestone** | | 26/02/2020 | Start of applications (Open Call 1) | | 30/04/2020 | Start of applications (for concepts, Open Call 2) | | 3 Q of 2020 | Information events (training) for applicants | | 12/2020 –  01/2021 | Start of applications according to concepts selected during  Open Call 2 | | 4 Q of 2020 | CC Meeting | | 02 - 03/2021 | Signature of contracts for projects selected for funding under Open Call 1 | | 02-04/2021 | Signature of contracts for projects selected for funding under Open Call 2 | | 2 Q of 2021 | Training for project promoters (Open Call 1 and Open Call 2) | | 1-2 Q of 2021 | CC Meeting | |
| **First expenditure:** | Accomplished advance payment for PDP in 4 Q of 2019. |

# 5. Status of bilateral funds

**The status of FBR in the programmes.** In the programmes the allocations from FBR are made by organizing open calls and based on pre-defined activities. The allocations set in the MoU are distributed by POs in cooperation with the CC (where applicable). The spending of FBR in 2019 can be seen in the last column of Table 1 below.

*Table 1. Funds for Bilateral Relations Set in the Programmes, EUR:*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme** | **EEA** | **NOR** | **2014–2021**  **EEA & NOR, Total** | **Spending by 19/03/2019** | **Spending by**  **01/03/2020** (not accumulated with a previous year) |
| Research | 100,000 |  | 100,000 | 12,180 | 10,784 |
| Business development, Innovation and SMEs |  | 125,000 | 125,000 | 6,171 | 38,412 |
| Environment, Energy, Climate Change |  | 75,000 | 75,000 | - | 4,719 |
| Culture | 100,000 |  | 100,000 | 10,212 | 19,280 |
| Health | 100,000 |  | 100,000 | 6,676 | 21,047 |
| Justice and Home Affairs | 75,000 | 125,000 | 200,000 | 36,087 | 45,835 |
| **Total:** | **375,000** | **325,000** | **700,000** | **71,326** | **140,077** |

     As seen in Table 1, the spending of FBR in 2019 was twofold as compared to the previous year. Specific activities carried out under individual programmes:

***“Research”.*** The FBR allocations are used for the programme ***“Research”*** implemented in cooperation between the Estonian, Latvian and Lithuanian researchers. 3 calls are foreseen during the implementation of this programme. In 2018, the call was organized in Estonia. In 2019, the call was planned in Latvia, but was postponed to 2020. The FBR allocations are used for meetings and matchmaking the events in the Baltic states. In February 2020, the Programme Launch and Matchmaking Event was organized in Lithuania. For this event, the call for travel grant was organized for researchers from Norway, Iceland and Liechtenstein to come to this event.  More than 200 researchers participated in the aforementioned event (87 researchers were from foreign countries).

   The major upcoming activity planned for this year is launching a call for travel grant for the Lithuanian researchers to come to the Programme Matchmaking Event to be held in Latvia (in April-May 2020). However, this activity may be postponed due to the COVID-19 pandemic.

   The PO identifies that the biggest challenge regarding the use of the FBR allocations in this programme is to gain interest from donor countries’ researchers to come to the Programme Launching and Matchmaking Event.

***The programme “Business Development, Innovation and SMEs”****.*The bilateral activities under this programme in 2019 included the following:

* Participation of the Lithuanian entities in 3 bilateral events (conferences and matchmaking) organized in cooperation with the DPP in Norway: “Green Industry and Digitalization Conference and Matchmaking” on 19 March 2019 (12 Lithuanian entities, Lithuania shared the example of a successful  LT–NOR cooperation, a bilateral project related to industry digitalization); “Breaking Barriers in Circular Economy” on 24–25 September 2019 (5 Lithuanian entities); “Green Industry and ICT Matchmaking” on 2 March 2020 (7 Lithuanian entities).
* Organization of a bilateral event (conference and matchmaking) “Norwegian-Lithuanian Business Forum” on 8 May 2019 in Lithuania. The event attracted 154 participants (19 of which were from Norway). 47 B2B meetings took place.
* Travel support to carry out individual visits to meet with potential project partners: 4 Lithuanian entities travelled to Norway and 3 Norwegian entities completed travel to Lithuania.

   The major upcoming activities planned for 2020 include the organisation of a bilateral event (conference and matchmaking) “Norwegian and Lithuanian Business Forum” on 6 May 2020 and participation of the Lithuanian entities in the bilateral event related to a circular economy during the Oslo Innovation Week 2020. These activities may be postponed due to the COVID-19 pandemic.

   The PO identifies that the biggest challenge is to attract the Norwegian entities to participate in bilateral events organised in Lithuania, as well as to maintain their interest in the B2B matchmaking with the Lithuanian entities during the events organised under the EEA and Norway Grants in Norway.

***Programme “Environment, Energy, Climate Change”.*** The FBR allocations under the programme were first used in 2019. One initiative was implemented in February 2019 between the Lithuanian State Nuclear Power Safety Inspectorate (hereinafter – VATESI) and the Norwegian Radiation and Nuclear Safety Authority (hereinafter – DSA) in order to properly prepare for the implementation of the Norway Grants project. VATESI and DSA discussed their activities, exchanged experience on emergency preparedness, and discussed the possible cooperation in Ignalina Nuclear Power Plant decommissioning activities and the enhancement of the VATESI emergency preparedness capabilities under the Norway Grants. Moreover, DSA and VATESI cooperation activities and expected results were reviewed and the Norway Grants budget and public procurement of services were discussed.

   The major upcoming bilateral activities in 2020 (still not confirmed by the Programme Committee) are the following:

* Networking with the Norwegian environmental institutions in the field of practical application of Sentinel and other satellite imagery for water management purposes (main applications, organisational setup, hardware and software, etc.);
* Networking with the Norwegian environmental institutions in the field of hazardous waste identification in industries;
* Meeting to discuss the preparation of a project application in cooperation with the Norwegian Association of Local and Regional Authorities (KS).

***Programme “Culture”****.*The FBR allocations were used for:

* 3 bilateral initiatives implemented by the partners of PDPs in 2019. During the first bilateral initiative the PDP partners met in order to discuss the planned project and possible bilateral partnership. During two subsequent bilateral study visits, the partners of the planned PDP (LT and NOR) visited analogous projects in Belgium, Netherlands and Slovakia with the aim to gain experience and practical advice on the planning and the further implementation of the PDP.
* The meeting of POs of the Culture programmes in Romania (on 23   – 27 September 2019).
* The open call for travel support (announced in January 2020).
* Matchmaking event (organized on 16 January 2020).

   The major upcoming bilateral activity in 2020 is the open call for travel support. The total budget foreseen for this activity is EUR 50, 000.

***Programme “Health”***. In 2019 the FBR allocations were used by the Ministry of Health for the following activities:

* The Incredible Years European Network Meeting –sharing of experience in the implementation of the Incredible Years. The meeting with the Project Partners – during this meeting it was agreed to conclude the partnership contract. The activity was implemented on 10-12 April 2019 in Bergen.
* A visit to the Norwegian municipalities implementing the Nurse-Family Partnership Programme. The purpose of the visit was to understand which institution suits best to provide services, how to organize the teamwork, what is the level of municipality administration’s involvement, and what are the key factors for ensuring the smooth provision of services. The visit of the representatives from Lithuania and Norway, the activity took place on 8 – 11 May 2019 in Oslo.
* A visit to the Norwegian municipalities implementing the well-being measure. An on-site visit was organized in order to understand which institution suits best to provide services, to share views on how to organize the teamwork, to share experience in the level of involvement of the municipality administration, and what are the key factors to ensure the smooth provision of services. The activity took place on 20 – 22 May 2019 in Oslo and Modum.
* Participation in the 9th World Congress of Behavioural & Cognitive Therapies. The activity was implemented on 17 – 21 July 2019 in Berlin.

   The major upcoming bilateral activities in 2020 (other activities will be decided by the CC) are the following:

* The Lithuanian – Norwegian meeting on implementation of the Youth-Friendly Health Services Model at municipal level.
* The Incredible Years European Network Meeting - sharing of experience in implementation of the Incredible Years all over Europe. During the meeting with the Project Partners it was agreed to conclude the partnership contract.

   No bilateral activities of the Programme Partner (hereinafter – PP) the Ministry of Social Security and Labour were organized in 2019.

***Programme “Justice and Home Affairs”***. In 2019 the FBR allocations were used for the following activities:

* The meeting on the PDP “*Improving Work Quality and Enhancing Competences of the Justice Chain to Protect Victims of Domestic and Gender-Based Violence”* held on 18 March 2019 in Vilnius. The meeting was organized by the PO and aimed to discuss the project activities, budget and the contribution of the DPP.
* The meeting of Workgroup No 2  ”Seminars and Conferences“ on 28- 29 March 2019 in Oslo.
* The meeting of Workgroup No 1 “Education” organized by the Directorate of the Norwegian Correctional Service (KDI). The representative from the Prison Department   as well as the representatives from the Council of Europe, the representatives from the institutions of Bulgaria, Poland, Czech Republic, Romania and Latvia attended the meeting of Workgroup No 1 “Education” organized in Lillestrom (Norway). The participants of the meeting gained knowledge of the correctional staff training models in the participating countries, had a closer look at KRUS premises and planned the topics for the upcoming meetings. The period of the initiative implementation - 23-24 April 2019.
* Meetings in Vilnius: on 1-3 May 2019 organized by the Project Promoter (the Police Department) to discuss the activities and budget of PDP; on 7 – 10 May 2019 organized by PP (the Prosecutor General’s Office of the Republic of Lithuania).
* The meeting of Workgroup No 3 “Evaluation and Indicators” organized by the Directorate of the Norwegian Correctional Service. The representative from the Training Centre of the Prison Department  as well as the representatives from the institutions of Bulgaria, Poland, Czech Republic and Latvia attended the meeting of Workgroup No 3 “Evaluation and Indicators” organized in Cambridge (the United Kingdom). The topics discussed at the meeting covered the readiness of the countries to implement the assessment project “Measuring Quality of Prison Life Among Prisoners and Prison Staff” (MQPL). The MQPL + research methodology to be used during the evaluation is developed by the professor of the Prison Research Centre of the Institute of Criminology, Cambridge University. The period of the initiative implementation – 08– 09 May 2019.
* A study visit to Trondheim, Norway, to exchange good practice in the areas of concentrated hearings, efficient management and administration, training techniques, and courts infrastructure organised on 5– 7 July 2019. The representatives of the National Courts Administration, judiciary and the Prosecutor General’s Office of the Republic of Lithuania participated in the aforementioned study visit.
* A visit to Norway to discuss the partnership agreements with the partners of the pre-project "Development of Quality Based Lithuanian Correctional Service System", to develop  the Training Centre activities, to discuss the Norwegian prison design, resocialization of inmates and a positive and purposeful  occupation of inmates. The period of the initiative implementation: 9–12 September 2019.
* The workshop for the future partners in the project “*Development of Quality-Based Lithuanian Correctional Service System”* on the topic“Legal Regulation of the Lithuanian Penitentiary System”. The workshop aimed to provide knowledge to the future project partners on the Lithuanian correctional system, activities of the correctional institutions and probation service, electronic monitoring, mediation, behaviour correctional programmes, cooperation between correctional institutions, half-way houses, probation service and NGOs. The workshop was organized in Lillestrom (Norway). The period of the initiative implementation - 15- 17 October 2019.

   The major upcoming bilateral activities in 2020 (to be confirmed by the CC as well as other BR activities by the sub-committees) are the following:

* A study visit on simplified (speedy) criminal procedure in Norway;
* A joint seminar in Europe on effective judiciary management;
* A study visit on court proceedings and psychological support provision for abused children in Norway;
* The international conference in Lithuania on transparency and independence of courts.

**The status of the FBR outside the programmes**. The NFPs FBR activities outside the programmes are provided in Table 2.

*Table  2. Activities of NFP in 2019 (until 1 March 2020):*

|  |  |  |
| --- | --- | --- |
| **Type of Activity** | **Date** | **Result** |
| Consultations with the Fund Administrator on the content of trainings for the FBR initiatives/activities funded under and outside the programmes | June 2019 | Training organised for promoters of the initiatives by the Fund Administrator |
| Informal meetings with FMO, the Embassy of Norway regarding the progress of the FBR activities; major concerns regarding the use of  FBR | Regularly during the year | * The Fund Administrator submits monthly reports on the progress of the FBR initiatives/projects to the NFP; * Regarding the major FBR concerns – prepared draft documents on the selection procedure of the FBR initiatives, on greater involvement of the members of the Joint Committee for Bilateral Funds (hereinafter – JCBF) in the selection process; proposal for strategic themes for the FBR initiatives to be approved by the JCBF members. |
| The procedures related to the  signature of the FBR agreement | 24 April 2019. | The FBR agreement was signed. |
| The contracts  signed with the initiative promoters (approved by the JCBF in the Work Plan) | February-June 2019 | Out of 9 initiatives approved by the JCBF, 7 contracts for support of bilateral initiatives were signed (the final list of initiatives is indicated in Table 3). 2 Initiatives („*Work-Family Life Balance“ and „Deinstitutionalization of Persons with Disabilities“*) are not implemented due to the Donor Country (Iceland) Partners’ refusal to implement the initiatives. |
| The 3rd JCBF meeting | 17 September  2019 | Topics of the meeting: progress on the FBR initiatives approved by the JCBF; topics/themes for future strategic FBR initiatives (2 new themes approved: “*The Climate Change” and “Equal Opportunities”*); selection principles and procedure of the pre-defined FBR initiatives were agreed with the JCBF members by ensuring a greater involvement of the JCBF members in the evaluation process of the FBR initiatives. |
| The preparation of documents related to the invitation to submit the FBR initiatives related to the strategic theme | September-October 2019 | The invitation announcement to relevant/potential initiatives' promoters on the themes “The Climate Change” and “Equal Opportunities” to submit the BR initiatives.  The submission period: from 23 October 2019 to 31 January 2020 (extension of the submission period till 30 April 2020). It should be noted that during the first and second deadlines there were no new initiatives received (except for the initiative from KDI to support 3 working groups). |
| The implementation of the FBR initiative of the MoF | 24 October  2019 | Participation in the FBR initiative activities implemented with the CPMA and the Norwegian Ministry of Justice and Public Security: communication with DPPs regarding the content/activities of the FBR initiative. |
| Amendment to the FBR administration rules | November-December 2019 | The draft amendment to the FBR administration rules was prepared (based on the JCBF meeting results, decisions). The rules provide more detailed information on the submission and the approval processes of the pre-defined BR initiatives; the importance of the maturity of the BR with partners and the initiative itself until its submission to the JCBF/NFP. |
| Modification of the Memoranda of Understanding under  the EEA and Norwegian Financial Mechanisms  2014–2021 | January-February 2020 | Both Memoranda of Understanding were modified (the amendments are in force since 11 February 2020) |

   As seen in the Table above, there was one JCBF meeting organized in 2019. The BR areas agreed by the JCBF and covered by the Work Plan are as follows: cooperation between municipalities in the field of cultural heritage; sharing best practices between institutions and/or relevant organizations in the sphere of innovation (investment approach in social investment area, social innovations in business, services delivery sector, health technology assessment), children rights and human rights. Strategic BR themes that are not implemented yet are: equal opportunities, climate change, cyber security, cooperation between the Lithuanian and Norwegian municipalities in the field of entrepreneurship, energy and environment; civil society; emigrants; structural reforms and crosscutting issues. It should be noted that no new initiatives were submitted during the reporting period.

*Table 3. The List of Bilateral Initiatives Approved by the JCBF for 2019–2021:*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **No** | **Title** | **Implementing entity** | **Partner  (s)** | **Allocation, EUR** | **Implementation period** |
| 1 | Exchange of Experience in Investment Approach in the Social Investment Area | CPMA | Norwegian Ministry of Justice and Public Security, MoF | 40,000 | 3-4 Q of 2019 |
| 2 | Promotion of Social Innovations related to Welfare Technologies: Pre-Study on Bilateral Opportunities in the Welfare Sector | Agency for Science, Innovation and Technology (ASIT) | Innovation Norway | 16,000 | 2-4 Q of 2019 – 2 Q of 2020 (Implementation period was prolonged by the request of the initiative promoter) |
| 3 | Improvement of the Lithuanian Innovation System | ASIT | Innovation Norway | 39,000 | 2-4 Q of 2019 –  1-4 Q of 2020 |
| 4 | Protection of the Rights of the Child | MoSSL | The Icelandic Government Agency for Child Protection;  State Children‘s Rights Protection and Adoption Service under the MoSSL | 23,350 | 2-4 Q of 2019 –1-4 Q of 2020 (Implementation period was prolonged by the request of the initiative promoter) |
| 5 | Cycle of Events "Cultural Routes as a Tool for Promoting Regional Development" | Ministry of Culture | Norwegian Directorate for Cultural Heritage, Norwegian Association of Municipalities, Arts Council Norway; Lithuanian Directorate for Cultural Heritage, Lithuanian Council for Culture, Association of Local Authorities in Lithuania, College of Cultural Self-Government | 50,000 | 2-4 Q of 2019 – 1 Q of 2020 (Implementation period was prolonged by the request of the initiative promoter) |
| 6 | Baltic Pride 2019: Promoting LGBT\* Human Rights through the Norwegian-Baltic Cooperation | National LGBT\* Rights Association LGL | Oslo Pride; Association of LGBT and their friends Mozaika; Estonian LGBT Association | 41,000 | 1-4 Q of 2019 |
| 7 | Strengthening the Assessment of Public Health Interventions through the Norwegian-Lithuanian Cooperation | Institute of Hygiene | The Norwegian Institute of Public Health;  Lithuanian University of Health Sciences | 74,900 | 3-4 Q of 2019 –  1-4 Q of 2021 |
|  | **Total:** | | | **284,250.00** | - |
|  | **Funds left for 2019–2021:** | | | **267,083.33** | - |

   The distribution of funding/ allocations outside the programme is indicated in Table 4 below:

*Table 4. Work Plan Allocations:*

|  |  |
| --- | --- |
| **Title** | **Budget,** **€** |
| Activities carried out by the NFP |  |
| Pre-defined activities *(total budget for planned pre-defined activities)* | 284,250.00 |
| Funds for programmes | 700,000.00 |
| Funds still to be allocated for the 2019–2021 period | 267,083.33 |
| Funds set aside for the 2022–2024 period: | 551,333.33 |
| Funds to be allocated to the programmes based on expression of interest | 551,333.33 |
| **TOTAL** | **2,354,000.00** |

    The biggest challenge for POs communicated to the NFP was how to attract the donor entities to participate in the BR events organised in Lithuania and maintain their interest in the activities.

   The NFP concerns planned to be discussed with the JCBF in 2020 are as follows:

* Present and expected consequences of the COVID-19 on the situation of BR activities, absorption of the FBR and revision of BR strategic themes;
* How to enhance the donor states’ partners interest in joint BR activities and how the JCBF and the NFP could provide more help in this matter (as the initial step/ a mitigating action as well due to COVID-19 – the NFP for 3rd time prolonged the deadline to submit the BR initiatives until 1 July 2020);
* Distribution of remaining FBR allocations for the period of 2019-2021 and funding allocated through the expression of interest.

# 6. Management and implementation

## a. Management and control systems (MCS)

In order to ensure the equal implementation of requirements for Mechanisms and all the programmes, and considering administrative experience from the previous periods and the scope of the programmes, the National level DMSC of the EEA and Norwegian Financial Mechanisms was approved on 16 December 2019.

During the reporting period DMCSs of three programmes were also prepared:

1. DMCS of the programme “Culture”;
2. DMCS of the programme “Health”;
3. DMCS of the programme ”Business Development, Innovation and SMEs“.

The National level DMCS as well as the aforementioned programme level DMCSs were reviewed by the AA (the detailed information about the results and conclusions of the AA is presented in Chapter 6d.).

During the reporting period the implementation agreements of all the programmes were signed.

One more important legal act – The Rules for Administration and Financing of the EEA and Norwegian Financial Mechanisms 2014-2021 in Lithuania approved by Minister of Finance Order No. 1K-188 “On the Amendment of the Order No. 1K-389 of the Minister of Finance of the Republic of Lithuania dated 12 November 2018 “On implementation of the European Economic Area and Norwegian Financial Mechanisms 2014-2021 in Lithuania” of 12 June 2019.

## b. Complaints

There were no complaints registered during the period from 19 March 2019 to 19 March 2020.

## c. Irregularities

There were no irregularities detected during the period from 19 March 2019 to 19 March 2020.

## d. Audit

During the reporting period the AA performed the following audits related to the administration of the EEA and Norwegian Financial Mechanisms 2014–2021 in Lithuania:

1. The audit of the National level MCS (carried out from 13 February 2019 to 30 May 2019);
2. The audit of the MCS of the programme “Culture” (carried out from 1 October 2019 to 27 November 2019);
3. The audit of the MCS of the programme “Health” (carried out from 6 November 2019 to 6 January 2019);
4. The audit of the MCS of the programme ”Business Development, Innovation and SMEs“ (carried out from 9 December 2019 to 6 February 2019).

These audits were planned and performed in regard to the requirements of paragraphs 1-3 of Article 5.7 of the Regulations.

**1. Audit of the National level MCS**

During the audit of the National level MCS **the Unqualified Opinion was issued**. It was stated that the National level MCS is in compliance, in all material respects, with the Regulations and generally accepted accounting principles. It was also concluded that the requirements of the National level MCS as to the effectiveness of achievement of programme objectives are proportional, and the content and form of the requirements of the MCS do not go beyond what is necessary to achieve the objectives of the programmes.

Despite the aforementioned conclusion, **12 observations and recommendations were provided in the Audit Report (8 of which are of high and average priority)**. These 8 observations related to deficiencies in the risk management and strategic management process, absence of the main Rules for Administration and Financing of the EEA and Norwegian Financial Mechanisms 2014-2021, Work Procedures Manuals or other relevant internal documents detailing the procedures for carrying out the functions of the NFP and incomplete establishment of the national computerized accounting, monitoring and financial reporting system (hereinafter – NORIS).

After the audit of the National level MCS, the NFP prepared the Action Plan of Measures for the Implementation of Recommendations. **8 recommendations out of 12 recommendations have already been implemented**. The deadline for the implementation of the rest recommendations is 2 Q of 2020.

**2. Audit of the MCS of the programme “Culture”**

During the audit of the MCS of the programme “Culture” **the Qualified Opinion** was issued**.** It was concluded thatcompliance of the MCS of the programme “Culture” with the Regulation and generally accepted accounting principles was partial and some improvements were needed. The main reasons for the Qualified  Opinion were the absence of: the PP internal procedure manual; the document of the procedure for verification of payment requests and approval of expenditure as eligible; the document of the procedure for irregularity management; the document of the procedure for the administration of the funds to be reimbursed and reimbursed; the description of the risk management process of the programme “Culture”; the document of the project risk assessment procedure; the document of the procedure for monitoring the continuity of project activities; the document of the procedure (methodology) for allocation of the PO management funds – and  incomplete establishment of NORIS (NORIS is  at the design stage).

**3. Audit of the MCS of the programme “Health”**

During the audit of the MCS of the programme “Health” **also the Qualified Opinion** was issued.It was concluded that the compliance of the MCS of the programme “Health” with the Regulation and generally accepted accounting principles was partial and some improvements were needed. The main reasons for the Qualified Opinion were the absence of: the document of the procedure for verification of payment requests and approval of expenditure as eligible; the document of the procedure for irregularity management; the document of the procedure for the administration of the funds to be reimbursed and reimbursed – and incomplete establishment of NORIS.

**4. Audit of the MCS of the programme ”Business Development, Innovation and SMEs“**

During the audit of the MCS of the programme ”Business Development, Innovation and SMEs“ **the Qualified Opinion** was issued.It was concluded thatthe compliance of the MCS of the programme ”Business Development, Innovation and SMEs“ with the Regulation and generally accepted accounting principles  was partial and some improvements  were needed. The main reasons for the Qualified Opinion were the absence of: the description of the PP functions allocation between the divisions responsible for Programme implementation; the description of the process for monitoring of the continuance of project activities;  the description of the administration process of projects and/or initiatives of the FBR;  the documents necessary for the administration of conclusion and amendments to project implementation agreements, verification of payment requests, monitoring of public procurements and administration of on-the-spot verifications (agreement preparation checklist, agreement amendment checklist, payment request checklist, procurement checklist and procurement plan checklist, on-the-spot verification checklist) – and incomplete establishment of NORIS.

**After the aforementioned audits of the MCS of the programmes, the audited authorities have prepared the Action Plans of Measures for the Implementation of Recommendations**. These Action Plans were coordinated with the Head of the AA. **The deadline for the implementation of recommendations provided in the programme MCS audit reports is 2 Q of 2020.**

The MCS audits of the remaining programmes were not performed yet, as other programmes have been approved in January 2020 only, but the MCS of these programmes is not yet developed and the preparation of their DMCS is not fully completed. In view of the above, it is likely that the information on the results and findings of the MCS audits of the remaining programmes as well as the status of implementation of recommendations presented during the above- mentioned audits is going to be provided in the Strategic Report for 2020.

# 7. Communication

The informal joint communication working group (established in 2018) consists of the representatives of the NFP, POs and a representative from the Royal Norwegian Embassy. The main aspects of the strategy decided to be followed by the EEA and Norway Grants slogan and overall objectives – all the programmes should contribute to at least one of the themes: Sustainability, Inclusion, Competitiveness or Good Governance. Also, all the programmes should cover the bilateral cooperation aspect. In 2019 the NFP prepared and approved the Communication Strategy of the EEA and Norwegian Financial Mechanisms which specifies the main communication and financial mechanism image strengthening activities.

On 20 March 2019 the contract for the website was signed and the middle of 2019 a new website of 2014-2021 period was opened.

As planned, the portal **eeagrants.lt/norwaygrants.lt** has made a start in the course of the year giving a presentation of all programmes implemented in Lithuania. During 2019 the website received over 6,000 visitors who spent on average 2 minutes 34 seconds on each session. A bounce rate –25.1 %.

PO communication actions are further coordinated in informal communication group which is going to be formalised in 2020.

Media monitoring was conducted throughout the year. During the analysis period (i.e. January – December 2019) the analysis was made of **126** releases of the Lithuanian press, news agencies, Internet and RTV reports where the EEA and Norwegian Financial Mechanisms 2014-2021 were mentioned. The most active communication on the EEA and Norwegian Financial Mechanisms was on **Internet portals** and **regional press.** The citations of the **programme “Health”** have reached the largest audience out of the analysed programmes on Internet portals (2.2 million contacts).

During the analysis period even **37 positive citations of the EEA and Norwegian Financial Mechanisms**, 40 neutral were recorded, and there were no negative citations. The largest number of positive citations out of the analysed programmes was recorded in respect of the programmes **“Culture”** and **“Health”**.

Also, the opening events of the programmes “Culture”, “Business Development, Innovation and SMEs”, “Health” were organised. The communication plans of all the programmes were drawn up and harmonised with the Communication Strategy. Active communication of separate programmes is pursued on social networks “Facebook” and “LinkedIn”.

The programmes “Justice” and “Environment, Energy, Climate Change” will be opened in spring 2020. Active communication on social network “Facebook” is also planned in 2020, an update of the EEA and Norway Grants “Facebook” page, creation of the video clip about the EEA and Norway Grants Financial Mechanisms as well as presentation of various success stories, set up the FAQ section.

# 8. Monitoring and evaluation

## a. Monitoring

NFP monitors the progress and quality of the implementation of the programmes by participating in CC meetings as an observer, notifying the FMO of the positive appraisal of PDPs, discussing with POs and PPs on the project selection criteria and guidelines for applicants of the open calls. Moreover, NFP organizes interinstitutional meetings every month to discuss the progress of the programmes or any issues related to MCS, to solve the problems, if any, PO or PP face on that time, etc.

The main focus of monitoring and management performed by NFP in 2019 was elimination of obstacles on the way to promptly sign all programme agreements and start the implementation of programme activities. The quality and transparency control was ensured by analysing calls for proposal texts in parallel with appropriate CCs.

## b. Evaluation

There were no programme evaluations carried out during the reporting period. The only evaluation – the final evaluation (ex post) of all the programmes is planned for the year 2024.

# 9. Issues for the annual meeting

At the annual meeting the following important issues are foreseen to be discussed: bilateral cooperation, communication and allocation of the reserve, necessary measures taken to address the COVID-19-related risks.