



National Focal Point of Estonia

# Norwegian Financial Mechanism STRATEGIC REPORT 2014

Strategic Report on the implementation of the Norwegian Financial  
Mechanism 2009–2014 in Estonia



REPUBLIC OF ESTONIA  
MINISTRY OF FINANCE

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## 1 EXECUTIVE SUMMARY

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

To achieve the overall objectives, the donor state Norway contributes to Estonia 25 600 000 euros, out of which 7.5% is assigned for donor state's management costs and the net amount available for Estonia is 23 680 000 euros.

During negotiations between Norway and Estonia seven programme areas were identified as most relevant in order to achieve the overall objectives. As a result of the negotiations, the total amount available was divided between the following programme areas: i) Green Industry Innovation; ii) Global fund for Decent Work and Tripartite Dialogue; iii) Bilateral Research Cooperation; iv) Bilateral Scholarship Programme; v) Public Health Initiatives; vi) Mainstreaming Gender Equality and Promoting Work-Life Balance; and vii) Domestic and Gender-Based Violence.

Since all the programmes were approved at the end of 2012, in 2013 the Programme Operators were engaged in launching the programmes, organising match-making events and other publicity events, and setting up and describing the management and control systems at the same time. The Project Promoters began implementation in 2013 for almost all programmes where pre-defined projects were foreseen in the programme agreement. Most of the planned calls for proposals were launched in 2013, and in several cases the grant decisions were also made. During 2014, the processes of launching calls and making grant decisions developed quickly and by the end of the reporting period all the planned calls were carried out and most of the grant decisions were made. As a result of this, the commitment rates in the programmes are relatively high in general. The Audit Authority carried out compliance assessments of the descriptions of management and control systems for all the Programme Operators.

Although the implementation period has been too short to present any fully achieved outputs, where possible an estimation for achieving outputs and outcomes based on the predefined projects and projects chosen from the calls for proposals has been made. Additionally, the report presents an assessment of how the programmes are expected to help address Estonian development needs in the respective priority sectors and contribute to long-term internal strategies such as Sustainable Estonia 21 or Competitiveness Plan Estonia 2020. This is supported by an overview of the most relevant macro indicators describing the social and economic situation and trends in Estonia.

While 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 achievement of the expected outcomes have been identified at the particular moment of implementation. The key challenge in the implementation of the programmes is still the time constraint. Although there have been delays in the planned time schedules, the risk of failing to achieve the expected outcomes due to the time constraint can be considered unlikely to happen, since the measures that have been taken seem sufficient to mitigate the risk.

In 2014, bilateral relations between Estonia and the donor state were fostered mainly through many match-making events organised by the Programme Operators. The focus of the events has been on assisting the preparation of joint project proposals through facilitating better mutual understanding between Estonian and Norway's institutions.

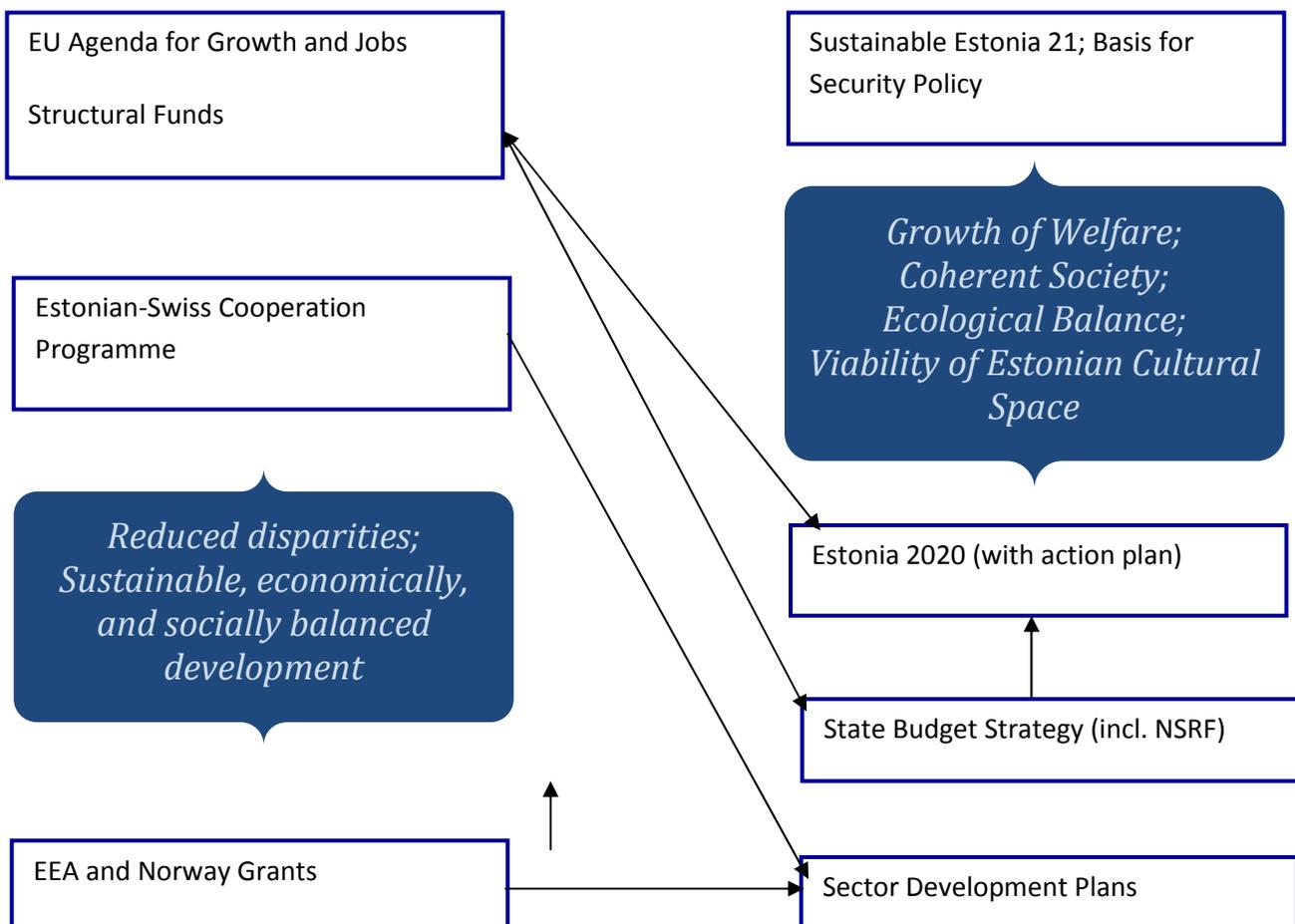
Looking forward, the most crucial challenge for the programmes in 2015 is to monitor progress of the projects on a continuous basis in order to assure a smooth process in moving towards the programmes' objectives and timely risk management.

The reporting period of the current report is the calendar year of 2014. However, in order to provide a better overview, a few facts from 2015 that were known by the time of compilation of the report have been added.

## 2 ASSESSMENT OF THE EFFECT OF THE GRANTS

Estonia's main goals for the long term are an increase in welfare, a cohesive society, ecological balance and viability of the Estonian cultural space<sup>1</sup>. The funding from the EEA and Norway Grants 2009–2014 with the objective of contributing to the reduction of economic and social disparities in the European Economic Area helps to address the Estonian development needs in specific priority sectors, which all contribute to longer-term internal strategies such as Sustainable Estonia 21 or Competitiveness Plan Estonia 2020.

### Strategic link

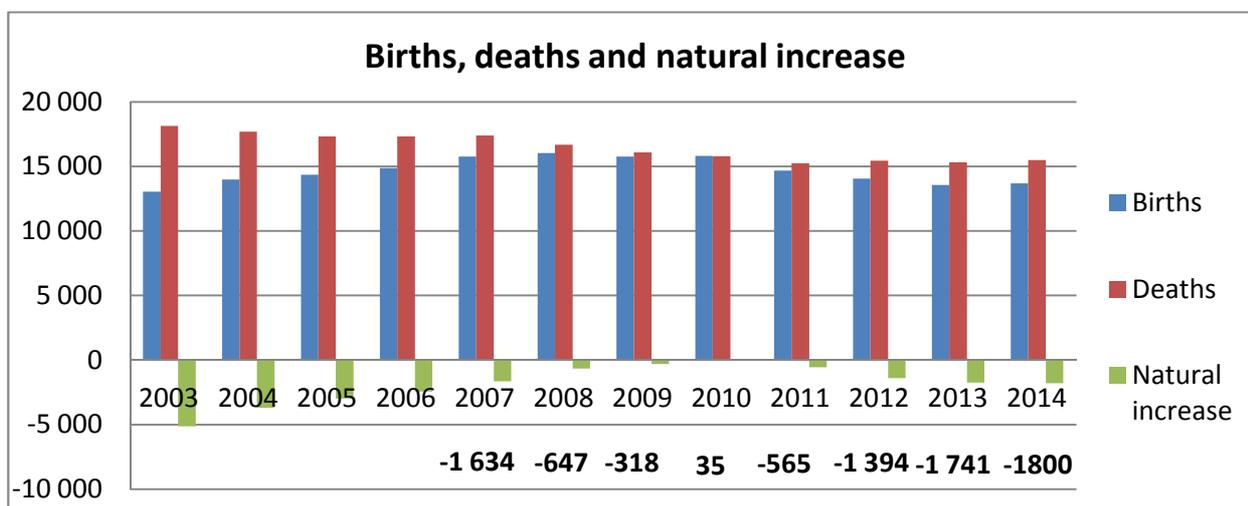


An important function of the EEA and Norway Grants has been their supplement to EU and other funding enabling, among others, to cover the areas which fall beyond the scope of eligibility for other funding but are still of great relevance considering the objective of reduced disparities. The most visible example is the Public Health Initiatives programme, as the mental health sphere still suffers from gaps in financing and the lack of integration of relevant sectors and services. Thus, the support enables the specific problems to be tackled so that the overall development needs are most effectively and efficiently covered. This means that the contribution of the EEA and Norway Grants offers real added value, although it is sometimes difficult to indicate the direct share in the higher indicator level reached.

<sup>1</sup> Sustainable Estonia 21.

According to the initial estimates of Statistics Estonia, the population of Estonia was 1 312 300 on 1 January 2015, which is 3 600 persons less than at the same time a year ago.

The population decreased by 1900 due to negative natural increase (the number of deaths exceeded the number of births) and by 1 700 due to negative net migration (more persons emigrated from than immigrated to Estonia). In total, the population of Estonia decreased by 0.3% in 2014. In the last few years the population decline has slowed down.

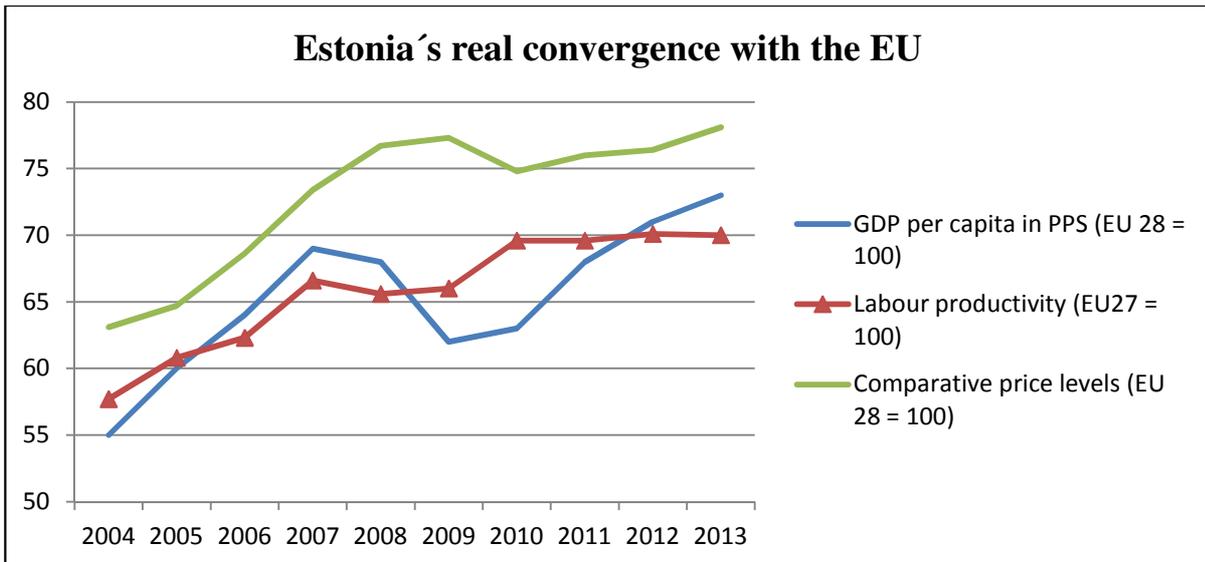


Source: Statistics Estonia<sup>23</sup>

According to Statistics Estonia, in 2014 the gross domestic product of Estonia increased by 2.1% compared to 2013, and the GDP at current prices was 19.5 billion euros. The year was characterised by slow but steady growth of the Estonian economy. According to Eurostat, Estonia was one of the fastest-growing economies in Europe in the fourth quarter. The Ministry of Finance's analysis shows that it must be kept in mind that although economic growth was strong, this was partly the result of one-off reasons related to the improvement of tax receipts. The outlook for 2015 remains cautious because of the continuing downward adjustment of economic growth prospects of the main export markets and the weak foreign orders of recent months in the electronics sector, which thus far has been the driving force behind export growth.

<sup>2</sup> The initial population number is based on initial data on births and deaths. Statistics Estonia will publish the revised population number on 5 May 2015.

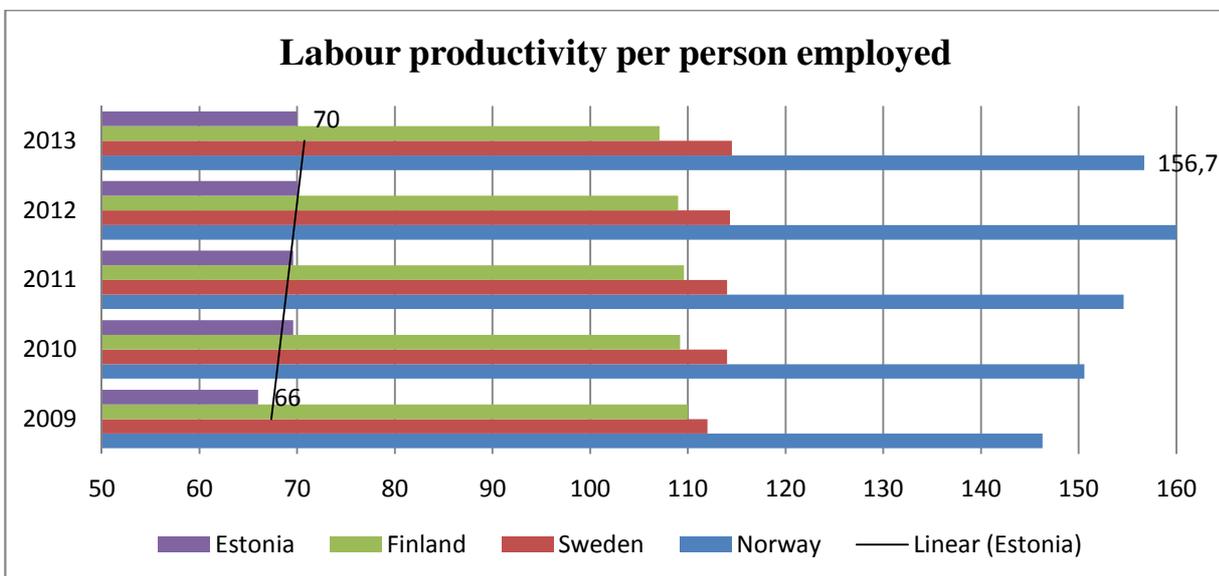
<sup>3</sup> <http://pub.stat.ee/px-web.2001/Dialog/Saveshow.asp>



Source: Ministry of Finance, Eurostat<sup>4,5,6</sup>, compared to EU 28

GDP per capita in comparison with the EU28 continues to be low (73%; EU28 being 100%; Norway 186%), and the primary reason is relatively low productivity.

Increasing the productivity and innovation of the economy is one of the most important preconditions for achieving the growth of GDP per capita. For that purpose, the Estonian Government has set the target to increase productivity per person employed up to 73% of the EU average by 2015<sup>7</sup>, while in 2011 the indicator was 67.6%. During 2012 and 2013 the indicator value remained the same, being 70.1% in 2012 and 70% in 2013; thus, productivity per person employed is very slowly approaching the set target of reaching the EU average, which shows that the structural change in the economy towards activities offering more added value has not been as high as anticipated and the set indicator target will most likely not be reached.



Source: Eurostat<sup>8</sup>

<sup>4</sup> <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tec00116>

<sup>5</sup> <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tec00120>

<sup>6</sup> <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tec00114>

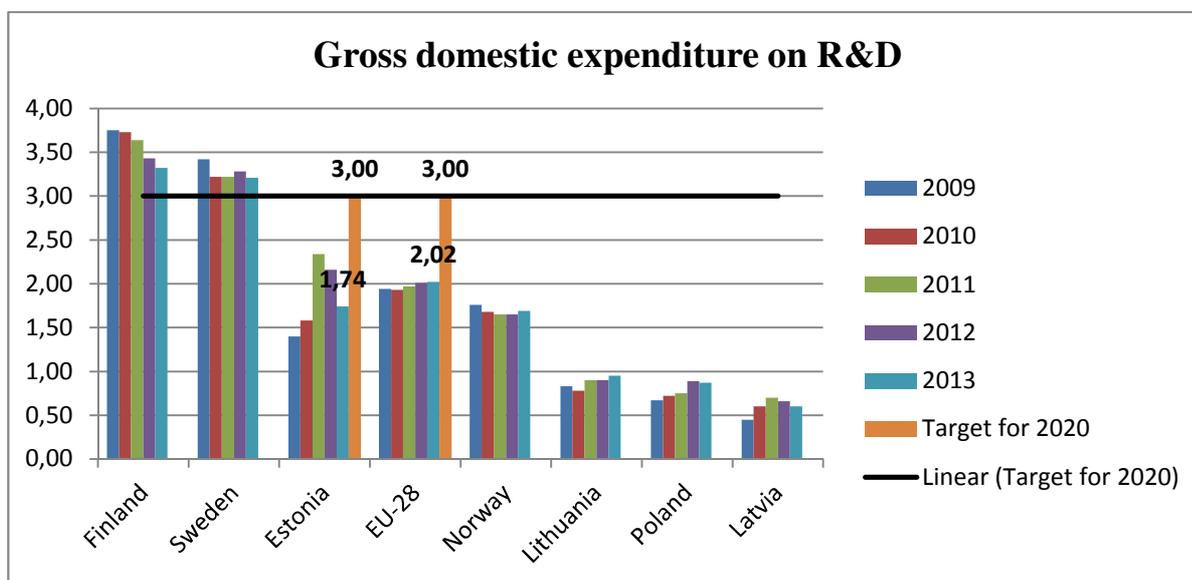
<sup>7</sup> Estonia 2020

<sup>8</sup> <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tec00116>

The gross domestic expenditure on R&D was 1.58% in 2010 and 1.74% by the end of 2013. In 2012 the gross domestic expenditure on R&D reached 2.37%. A level of achievement of less than 2% is too low to reach the target set for 2020, which is 3%.

Thus, finding and participating in new areas of growth is of even greater importance, as well as combining the research, development, and innovations systems with the needs of the economy and moving up in the value chains.

This has also been under focus when preparing measures for EU funding for the 2014–2020 period. The ex-ante evaluators of the Estonian Operational Programme indicated that Estonia has taken respective lessons learnt into account and it was pointed out that greater orientation of the research system to the needs of the economy and society has now become equally important to research excellence, which to date has largely been the central goal of research policy.



Source: Eurostat<sup>9</sup>

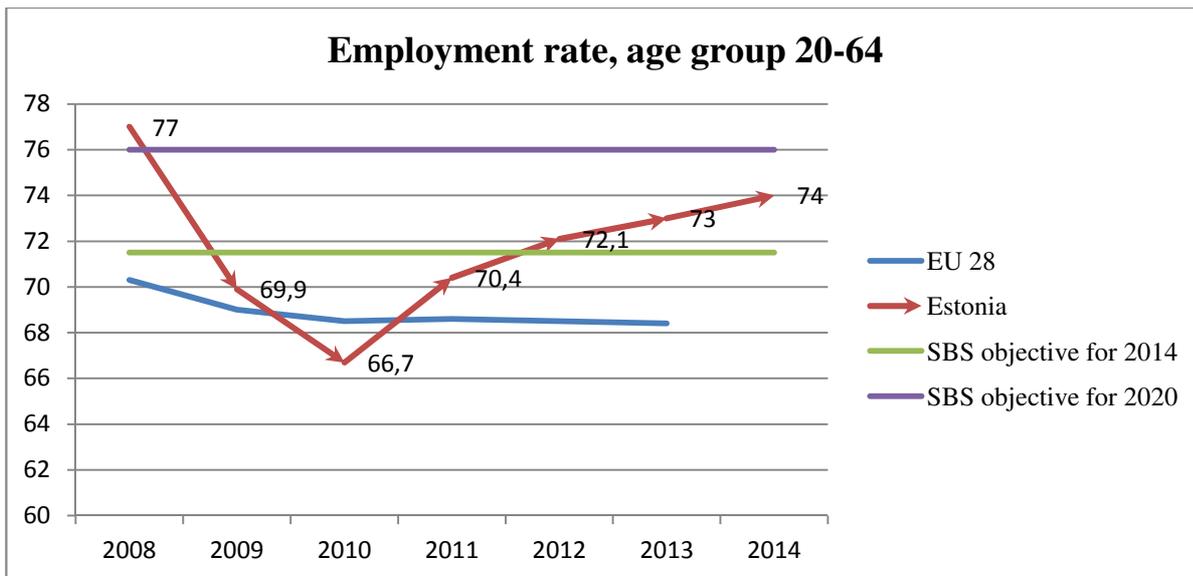
In this context, the inputs of the EEA and Norway Grants’ research and scholarships programmes – as well as of the Green Industry Innovation programme, focusing on green ICT – are seen as valuable contributions to and in synergy with EU funding under the specific objective given in the Operational Programme for the 2014–2020 period, “R&D and higher education are of a high level, and Estonia is active and visible in international cooperation in the field of RD&I”, which addresses one of the most essential development needs of increasing innovation capacity and competitiveness.

Finding new growth models and a knowledge-based economy also helps to address other challenges, such as the ageing population and limited availability of natural resources.

Estonia has set a target of achieving a 76% employment rate in the 20–64 age group by 2020. The level of employment started to recover rapidly in 2011; in 2012 the employment rate in the 20–64 age group increased by 2.3%, reaching the level of 72.1%<sup>10</sup>, and in 2013 already 73%, which is even higher than the objective for 2016 (72.8%). In 2014 the employment rate continued the growth trend.

<sup>9</sup> [http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020\\_20](http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020_20)

<sup>10</sup> [http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020\\_10](http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020_10)



Source: Eurostat<sup>11</sup> and Statistics Estonia<sup>12</sup>

In addition to economic growth, various factors contributed to the increase in the employment rate, including the decline in population, the unequal size of population groups, the gradual increase in retirement age, etc. As the number of people employed is expected to stop growing due to demographic developments and start declining after 2017, economic growth can only be driven by productivity and investments supporting it.

Unemployment decreased to 10.2%<sup>13</sup> in 2012 and continued to decline, reaching 8.6% in 2013<sup>14</sup> and 7.4% in 2014.

Reducing youth (age group 15–24 years) unemployment remains an important challenge for Estonia. By 2010, the youth unemployment rate increased to 32.9%, which was significantly higher than the EU average (21.1%), but then decreased rapidly in 2011 to 22.3%. The youth unemployment rate continued to decrease in 2012 to 20.9%, in 2013 to 18.7%, and in 2014 already to 15%. Estonia is committed to decreasing the unemployment rate of young people to 10% by 2020.

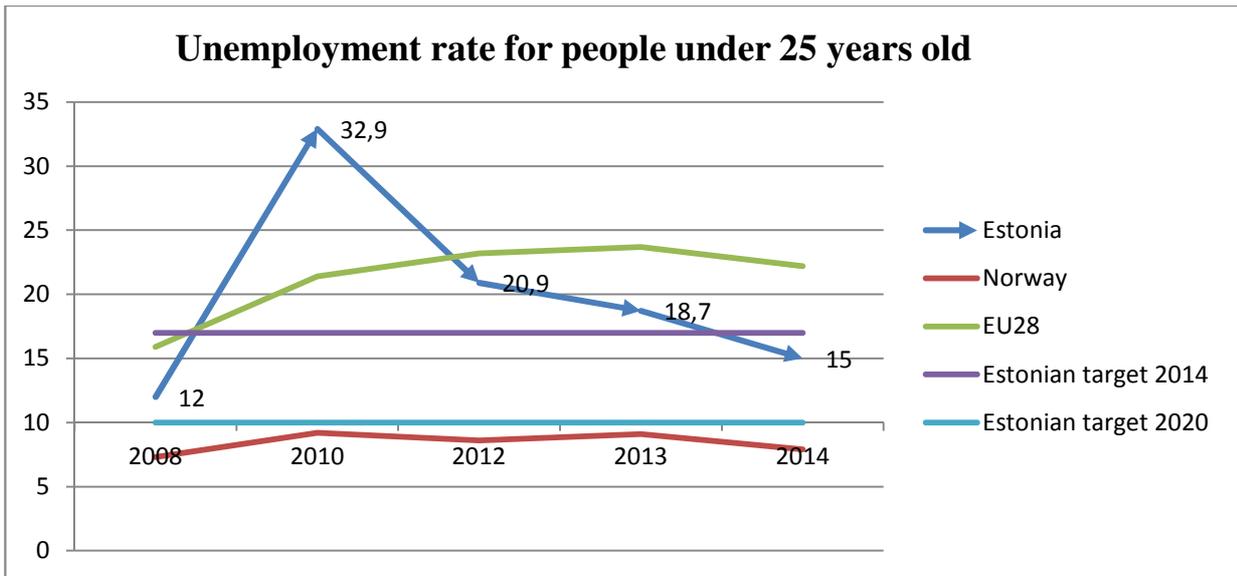
The Ministry of Education and Research and the Ministry of Social Affairs are developing special employment and education measures for youth, which support and prepare for transitions between the educational system and labour market. These efforts are supported by activities under the Children and Youth at Risk programme.

<sup>11</sup> [http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020\\_10](http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020_10)

<sup>12</sup> <http://www.stat.ee/57165>

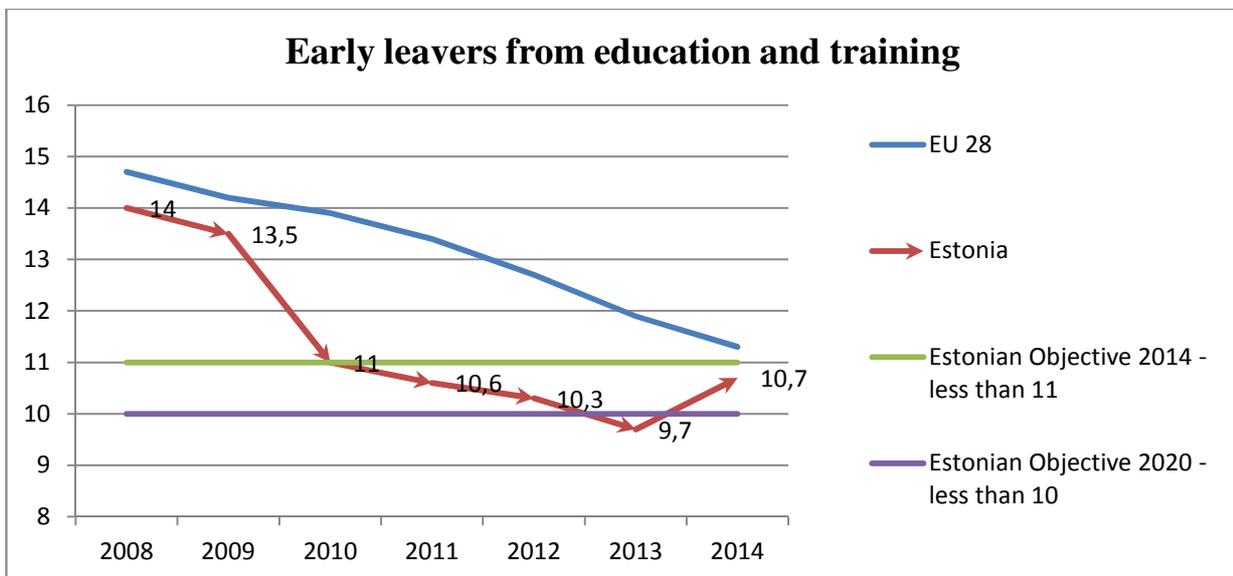
<sup>13</sup> <http://www.stat.ee/66661>

<sup>14</sup> Statistics Estonia, <http://www.stat.ee/72314>



Source: Eurostat<sup>15</sup>

Namely, through the Children and Youth at Risk programme addressing child welfare, professionals in different agencies are supported in order to provide adequate early intervention and provision of evidence and knowledge-based interventions to support parenting skills and prevent juvenile delinquency. Preventing or minimising negative consequences and reducing the costs of juvenile offences while developing social competences and cohesion in society contribute to achievement of the objectives of the EEA and Norway Grants and move towards socially balanced development. Activities under the programme also contribute directly to the aim to reduce the youth unemployment rate, as well as the Europe 2020 goal to reduce the percentage of early school leavers (age group 18–24 years).



Source: Eurostat<sup>16</sup>

<sup>15</sup> <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsdec460>

<sup>16</sup> <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsdsc410>

The share of persons with an equivalised disposable income below the risk-of-poverty threshold has been relatively stable over the years, at the level of 19.5% (2007–2009). In 2010, the indicator decreased to the level of 15.8%. According to Statistics Estonia, in 2013, 22.1% (2012, 18.6%) of the Estonian population lived in relative poverty and 8.0% (2012, 7.3%) in absolute poverty.

People living alone and pension-age people are at higher risk of poverty, whereas women are at significantly greater risk of poverty than men. In addition to this, the level of education significantly affects the risk of falling into poverty. Among persons with a basic or lower education, in 2013 every third was in the poorest and only every twelfth in the richest income quintile. At the same time, one-third of those with a higher education belonged to the richest fifth.

In terms of reducing regional disparities between the EU countries and Estonia, the following table shows improvements with regard to set convergence objectives, where it can be seen that although Estonia has already exceeded the EU average with regard to some indicators, when compared to the achievement levels of Norway, Estonia is still needs a lot of improvement, and experience gained through partnerships under the EEA and Norway Grants enhances the positive development perspectives.

Indicator	EU 28 average	Norway	Estonia					
	2013	2013	Objective 2014/2020 <sup>17</sup>	2014	2013	2012	2011	2010
GDP per capita in PPS <sup>18</sup>	100	186	N/A	N/A	73	71	68	63
Level of R&D investments of the GDP, %	2.02	1.69	1.93/3	N/A	1.74	2.16	2.34	1.58
Employment rate of age group 20–64, % <sup>19</sup>	68.4	79.6	71.5/76	74	73.3	72.2	70.6	66.8
At-risk of poverty rate, %	16.6	10.9	16.7/15	N/A	22.1 <sup>20</sup>	18.6	17.5	17.5

Source: Eurostat and Estonian Statistics

<sup>17</sup> State Budget Strategy 2014–2017

<sup>18</sup> <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&plugin=1&language=en&pcode=tec00114>

<sup>19</sup> [http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020\\_10](http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020_10)

<sup>20</sup> The estimations are based on the Social Survey, which has been conducted by Statistics Estonia since 2004. In 2014 more than 5 800 households participated in the survey. The survey collects data about the yearly income, which is the reason why the survey for 2014 asks about the income of 2013.

## 2.1 Cohesion

### 2.1.1 Environment and climate change

The priority sector includes one programme – Green Industry Innovation. With this programme there are clear connections and a valuable contribution to the objectives of the Estonian Environmental Strategy (ES2030), which is a strategy for developing the environmental sphere. EES2030 serves as the basis for preparation and revision of all sector-specific development plans within the environmental sphere.

#### a) Contextual trends

The environmental challenges of the future are to secure a low-carbon, resource-constrained world while preventing environmental degradation, biodiversity loss, and unsustainable use of resources. Increasing resource efficiency is one of the priorities of Estonia 2020. A growing share of production should be based, first of all, on the use of raw materials and reduction of waste generation, and increased recovery, recycling, and reuse of waste, rather than expanding the use of natural resources. Although waste recovery reached 55% in 2011 and 59% in 2012, recycling and reuse have not increased as much.

In 2012, the percentage of renewable energy in final energy consumption was 25.8% and in 2013 25.6%<sup>21</sup>, which exceeds the goal set for 2020. The target set in the 2015–2018 state budget strategy was changed towards a more ambitious objective of 28% by 2020.

In addition to meeting the needs of people and enterprises, increased resource efficiency of the economy (incl. through eco-innovation) is also an important factor in climate change mitigation and adaptation. New business and employment opportunities should be created, a clean environment should be preserved, and climate change should be fought through the development and introduction of green and low-carbon technologies.

#### b) The contribution of Norway Grants

The Green Industry Innovation programme targets “greening with ICT”, narrowing its strategy to four focus areas and challenges, which drive the development of green innovations with international potential. These green innovation horizontal topics are: energy management systems, transport and logistics, manufacturing and trade, and e-health.

Green ICT policy measures are one of the priorities outlined in the Competitiveness Plan Estonia2020, where it is stated that energy and resource efficiency measures as well as measures for reducing CO<sub>2</sub> emissions must be developed through innovative investment schemes. In order to achieve economic development and industrial competitiveness, it is important to support R&D in resource efficiency and eco-innovation investments. Development of green technologies in water and waste management needs special attention, since in Estonia’s case natural circumstances offer a competitive advantage in these areas compared to other countries.

Implementation progress of the Green Industry Innovation programme is good, and interest towards the programme has proven to be higher than expected, which also reflects the companies’ willingness to develop green solutions within the selected focus areas and greening entrepreneurship in general.

The analysis<sup>22</sup> carried out by the Estonian Development Fund in February 2013, along with the more detailed sector-based analyses finished in 2014, showed that the following areas have the most growth potential:

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<sup>21</sup> [http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=t2020\\_31&plugin=1](http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=t2020_31&plugin=1)

1. Information and communications technology (ICT), horizontally through all sectors;
2. Health technologies and services;
3. More efficient use of resources.

The Estonian Development Fund analysis on smart specialization<sup>23</sup> proposing the new growth areas shows that it is very important for the ICT sector in Estonia to shift from the provision of subcontracting (mainly as a service) towards products. This means that investments in development activities are crucial for making the solutions scalable. The analysis concludes that as a small country Estonia is considered to be a great testing environment to see how technology can be applied to other horizontal developments.

During 2013 several national strategies were updated as well. On a national policy level, Estonian Information Society Strategy 2020, Estonian RD&I strategy 2014–2020 “Knowledge-based Estonia”, and the new Estonian Entrepreneurship Growth Strategy 2014–2020 aim directly at digital growth in order to maximize direct benefit from ICT for economy and society in general for the upcoming periods.

Therefore, special attention is paid to the possibilities offered by ICT solutions and their advantages. According to the Growth Strategy:

- The share of private sector expenditure on research and development in GDP should be 2% by 2020; in 2013 it was 0.86%.
- Sales of new-to-market and new-to-firm products or services should be 18% by 2020, and 7.8% in 2012<sup>24</sup>.
- The ratio of labour productivity per hour worked to the Eurozone average in current prices should be 65% by 2020. In 2013 the ratio was 55.4%.

The usage of possibilities offered by the ICT solutions is also taken into account in the Transport strategy for 2014–2020. For instance, there is a separate measure to develop intelligent transport systems.

The Green Industry Innovation programme builds synergy between upcoming measures related with the strategies.

### 2.1.2 Research and scholarships

The priority sector includes the Scholarship programme and the Norwegian-Estonian Research Cooperation programme. These programmes will be implemented in cooperation with each other and the Scholarship programme financed from EEA Grants.

#### a) Contextual Trends

Finding new sources of growth, making the economy more knowledge-intensive, and increasing the impact of Estonian science are Estonia’s essential development needs in the 10-year perspective, according to analyses made at the end of 2011. R&D and more generally the higher

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<sup>22</sup> Qualitative analysis carried out under the leadership of the Estonian Development Fund. The document is available at: Nutikas spetsialiseerumine 2020 (PDF): [www.arengufond.ee/en/nutikas-spetsialiseerumine/tutvustus](http://www.arengufond.ee/en/nutikas-spetsialiseerumine/tutvustus)

<sup>23</sup> <http://www.arengufond.ee/en/category/analysis/>

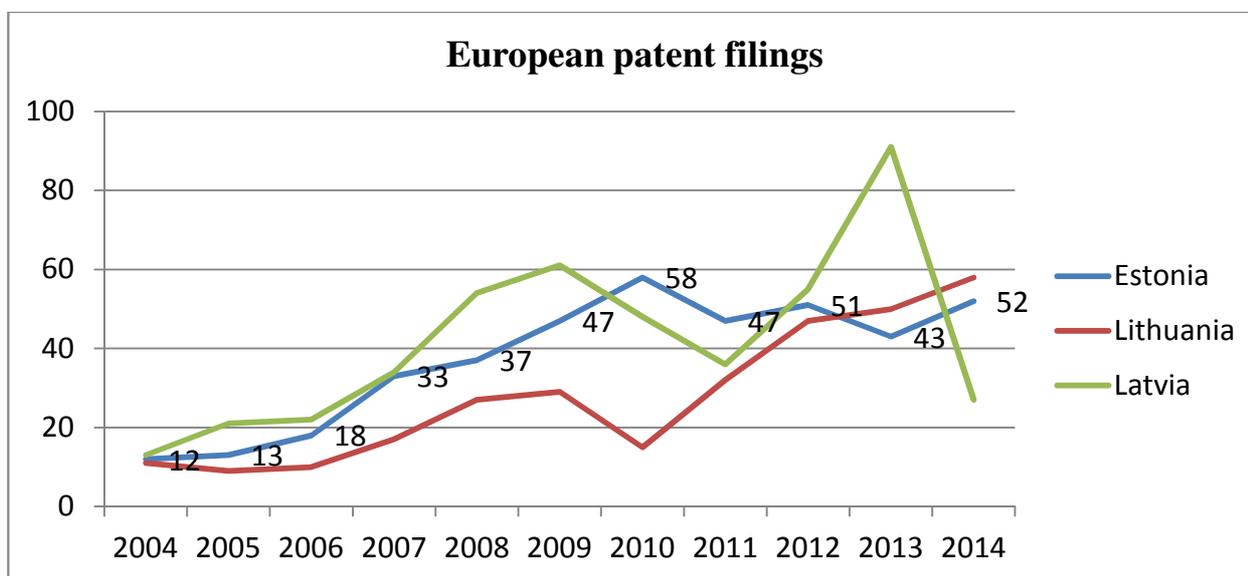
<sup>24</sup> Latest available data as of 31.03.2015.

education system should be means of achieving structural changes in the economy and the wise positioning of Estonia in the international division of work.

Estonia 2020 sets the target of raising the level of investment in R&D to 3% of GDP (2.19% in 2012, 1.74 in 2013) and ensuring that the increase in labour costs does not significantly exceed the growth rate of productivity (1.7% in 2014). The aim is to support the development of growth-capable sectors selected using the smart specialisation methodology and to support cooperation between enterprises and research institutions.

The Annual Growth Survey 2015 made by the European Commission also stated that the business sector is making progress in terms of increasing its research and development investments, but these investments are concentrated in a limited number of companies with insufficient levels of R&D results and few companies collaborate with research institutions. Estonia’s challenge in terms of skills is the supply of technology and science graduates.

Although Estonia has been rather successful in improving the quality and increasing the volume of research since regaining its independence, it has not been able to attain the EU average in the number of patents compared, for example, to Norway, where the number of patent filings in 2014 was 820, or Finland with 2472.



Source: European Patent Office<sup>25</sup>

Reforms initiated in 2013 in higher and school education, on the one hand, and adoption of the Estonian Lifelong Learning Strategy for 2014–2020 in the beginning of 2014 on the other hand are the main events influencing the general context of the priority sector in the reporting period. A performance-based approach in the higher education sector encourages, supports, and rewards institutions in their work with mobility and internationalisation.

#### b) The contribution of Norway Grants

The overall objective of the Research Cooperation programme is enhanced research-based knowledge development in Estonia through cooperation between Norway and Estonia. The programme will strengthen bilateral relations with the aim of stimulating long-term cooperation, capacity, and competence-building.

<sup>25</sup> <http://www.epo.org/about-us/annual-reports-statistics/statistics/filings.html>

The programme contributes especially to the achievement of two aims of the Estonian RD&I strategy: that research is of high quality, that Estonia is an attractive place for R&D, and that the researcher career is a popular choice; and that Estonia is active and visible in international co-operation in the field of RD&I.

R&D activities carried out in Estonian research institutions are often incompatible with the needs of Estonian enterprises. The innovation expenditure of enterprises is aimed rather at improving the manufacturing process, not product development. Therefore, the focus should continue to be on the transfer of knowledge and on the networking of research and business and the links connecting them (consultants). At the same time, attention should also be paid to the capacity of Estonian research institutions to participate in finding solutions to global challenges, e.g. in the spheres of energy, healthcare and the environment, which are so complex that no country would be able to solve them efficiently in isolation. It is necessary to ensure that Estonia can share the results of solving the 'large problems' and have better prospects to apply them for the benefit of the country's economy and society.

Now that from among a large number of high-quality projects three have been selected for financing in the field of environment and biosciences, two in physical sciences and engineering, two in the field of health, and six in the field of culture and society, we can expect evident contribution to the objectives of the Estonian RD&I Strategy 2014–2020. The joint projects are expected to result in high-quality joint scientific publications and to support the PhD students in their studies. The first projects started in September 2013 and the latest project in September 2014.

As the reporting period covers the initial phase of the projects, the projects did not have much progress to report on yet, but based on contracts signed movement towards the objective can be seen already from the fact that all the projects will involve master's and/or PhD students, and researchers plan to visit partner institutions to share best practices and learn from each other.

### 2.1.3 Justice and home affairs

The programme area contains one programme financed from Norway Grants: Domestic and Gender-based Violence.

#### a) Contextual Trends

Despite the Estonian government's clear commitment and concern, gender-based violence and trafficking remain grave challenges for Estonian society. Domestic violence is widespread but tends to go unrecognised, and the lack of specialist knowledge and research on the issue limits the government's ability to tackle the problem efficiently.

In 2014, 7 489 crimes related to violence were registered, which is 6% less than in 2013. According to the survey of the Ministry of Justice, 1–3% of the citizens have encountered violence and approximately 40% of victims also reported it to the police.

Domestic violence crimes showed a steady growth trend in recent years: in 2014 there were 35% more cases compared to 2011. 2 721 domestic violence cases were registered in 2014, which means that the number has slightly decreased, as there were 2 752 cases in 2013. Two-thirds of the cases took place between current or former partners, 16% of the cases were parents against their children, and 10% of the cases children against their parents.

According to the study published in 2014 (European Agency for Fundamental Rights, 2014), 20% of Estonian women experienced physical or sexual violence by their partner, 50% experience psychological violence, and the same number of respondents experienced physical, sexual, or psychological violence in their childhood.

Despite an increase in support services and improved training for professionals, there is still a lack of effective preventive measures, resulting in a lack of awareness-raising activities that target the general population with the aim of preventing violence.

In December 2014, Estonia signed the Council of Europe Convention on preventing and combating violence against women and domestic violence. In addition, a new national Development Strategy for Preventing Violence 2015–2020 has been prepared during 2014 and will probably be accepted by the Government in early 2015.

During the first steps of implementing the programme, the stronger need to address sexual violence issues was realized. There were 147 cases of rape in 2014, and 135 cases in 2013. A large proportion of rapes are committed by a person close to the victim. Still, a large number is believed to go unreported.

<b>Places in women's shelters available for victims of domestic violence</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
	79	110	125	116	115	118	109	* <sup>26</sup>
<b>Number of victims of human trafficking helped in rehabilitation centres</b>		55	78	57	56	22	22	4
<b>Number of victims of exploitation in prostitution helped in rehabilitation centres</b>						150	235	234

Source: Ministry of Social Affairs

#### b) The contribution of Norway Grants

With the contribution of Norway Grants it is aimed to raise awareness among the general population with regard to domestic and gender-based violence as well as raise the quality of the services offered to victims and develop specialised services for victims of sexual exploitation.

As the availability of statistics and general information on the extent of the subject is one of the key issues for tackling gender-based violence, the surveys completed or about to be carried out under the programme are most needed.

The survey to measure awareness and attitudes of the general population regarding gender-based violence and trafficking in human beings at the beginning of the programme was carried out in 2014. The survey showed a rather good understanding of the need for intervention and services for victims to tackle GBV and human trafficking. It also revealed the main bottlenecks, which ought to be taken into account and addressed during implementation of the programme, namely the attitude of blaming victims, lack of knowledge about the services available, and need to raise awareness of general public as well as specialists. 54% of the respondents believed that the victim of domestic violence is to be blamed; 77% of people do not think domestic violence concerns only the family and 94% find that violence in family relations/close relationships is a crime; and 48% of people are aware of the Victim Support and Estonian Women's Shelters

<sup>26</sup> Objective for 2014 – 130 – prognosis, 1 place for every 10 000 citizens

Union and their hotline. The survey provided valuable input to the National Development Strategy for Preventing Violence 2015–2020.

Clear progress has been made on the bases of the interim reports for the predefined projects. For example, the Estonian Women’s Shelters Union NGO project “Developing services for victims of domestic violence, strengthening co-operation between different institutions, and raising awareness among victims and certain groups of specialists” has contributed to improving services and raising awareness. Since the beginning of 2014, the 1492 hotline service has been available 24/7, and the number of shelters providing services for victims of domestic violence has increased from 12 to 13. All the shelters provide psychological and legal counselling services, and the bilateral cooperation has given needed experience and know-how.

The Living for Tomorrow NGO has disseminated information as the predefined project promoter on human trafficking issues through media, seminars, and lectures held.

Until now, Estonia has mainly dealt with the consequences of domestic violence. Now, with projects implemented under Norway Grants support and the Norwegian project partners’ know-how offered, it is possible to move towards prevention.

#### 2.1.4 Human and social development

The priority sector contains two programmes: Mainstreaming Gender Equality and Promoting Work-Life Balance and Public Health Initiatives.

##### a) Contextual Trends

Social cohesion indicators in Estonia are considerably lower than in Northern and Western Europe. The low status of certain social groups (e.g. disabled people, the elderly, ethnic minorities) and their limited involvement in community life shows social inequalities in Estonian society. It is important to guarantee that the Estonian society is tolerant and that the principles of equal treatment are adhered to.

The Estonian Human Development Index is ranked 33<sup>rd</sup> according to the Human Development Report Office as of 2012, and the rank also remained the same in 2013.<sup>27</sup>

Estonian society has historically been very traditional, and gender roles which existed in the past have to some extent remained to this day. According to Eurostat, Estonia has the highest gender pay gap in Europe, as a result of which women face limited opportunities in the labour market, limited access to power and management, and difficulties in balancing family and work. Possibilities for flexible working arrangements are limited and awareness of gender equality among citizens and professionals is generally low. One of the main reasons behind the large gender pay gap is also the high level of labour market horizontal segregation.

<b>Horizontal segregation:</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Objective for 2014 – 24.9% and for 2015 – 24.8%</b>	26.1%	25.8%	25.4%	25.7%	25%	25.2%	24.6%	* <sup>28</sup>
<b>Gender pay gap<sup>29</sup></b>	30.9	27.6	26.6	27.7	27.3	30	29.9	N/A

Source: Ministry of Social Affairs & Eurostat

<sup>27</sup> <http://hdr.undp.org/en/statistics/hdi>

<sup>28</sup> Prognosis for 2014 – 24.8%.

<sup>29</sup> [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn\\_gr\\_gpgr2&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn_gr_gpgr2&lang=en)

The area in which Estonia shows the poorest results in the EEA and where the disparities between Estonia and Western and Northern Europe are the greatest is health. Although life expectancy (and the number of healthy life years) is rising, it is still considerably below the EU average. The large gender gap in life expectancy (in favour of women, by almost 10 years) attracts attention, and the regional differences in life expectancy are also remarkable.

Achievement of indicators	Achievement					Target in the State Budget Strategy 2015–2018		
	2010	2011	2012	2013	Prognosis for 2014	2012	2013	2015
Life expectancy for men, years	70.9	71.4	71.4	72.7	72.1	71.2	71.6	72.5
Life expectancy for women, years	80.8	81.3	81.5	81.3	81.8	81.1	81.5	82.2
Healthy (without limitations) life expectancy for men, years	54.1	54.3	53.1	53.7	56.7	56	56.3	57.1
Healthy (without limitations) life expectancy for women, years	58.2	57.9	57.2	56.7	61.5	60.5	61	62

Source: Eurostat<sup>30</sup> and Ministry of Social Affairs

The main focus of the Public Health Initiatives programme is on improving the field of children's mental health in Estonia. The health system performance assessment in Estonia showed that mental health problems have been the leading cause slowing life expectancy and the largest cause of long-term incapacity to work. Therefore, earlier interventions regarding mental health problems are important steps to take.

#### b) The contribution of Norway Grants

The Mainstreaming Gender Equality and Promoting Work-Life Balance programme is concentrated on raising awareness and research on gender issues. Considering the level of the unadjusted gender pay gap, which is remarkably higher than the EU average, the objective to increase possibilities for women to achieve higher positions in their working life combined with the predefined projects' aim of enhancing protection against discrimination and raising awareness of gender equality are expected to have a considerable impact on changes in belief and the respective behaviour.

As for the objective of raised awareness and a change in attitudes, it could be pointed out that the percentage of people who completely agree that a society in which women and men are equal is a good society shows a rising trend. The baseline in 2009 was 59%, and in 2013 the achievement level was 64%. Data for the current reporting period is not available, because the next monitoring will be conducted in early 2016 for the end of the programme.

The employment rate for women with children under three years of age has not risen. While data for 2012 indicated that the desired growth had been achieved – 30.6% (adjusted to 30.8% in 2014 by Statistics Estonia) of mothers with small children were engaged in paid work – new statistics indicate a significant drop in the number, with 23.2% of mothers with small children

<sup>30</sup> <http://epp.eurostat.ec.europa.eu/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=tsdph100&language=en>

engaged in paid work in 2013. The drop in the numbers may be attributed to an overall improvement in the economy. Namely, the number of unemployed men grew more than that of unemployed women because male-dominated sectors were hit hardest during the economic recession. Therefore, women were most likely forced to return to the formal labour market sooner than they would have ideally liked. As the economy has recovered and men have begun returning to the labour market, we are witnessing a drop in the number of employed women because they have the opportunity to stay home longer.

The Public Health Initiatives programme has an undoubtedly substantial value to development of the health policy field. As the programme is tailored with a focus on early detection and interference, it could be presumed and expected that the programme will contribute to public health improvement and reduced health inequalities between Estonia and the donor state, as well as support for children with specific needs.

The expected number of children who receive integrated mental health services is 1 200 (600 girls and 600 boys). By the end of 2014, 919 boys and 554 girls had already benefited from the service.

Long-term rehabilitation services for children with severe mental health disorders are new in Estonia, and current service provision is fragmented between different sectors and does not support service integration. The “Developing and piloting rehabilitation services for children with severe mental health problems” project aims to develop an integrated long-term service that integrates health, social, and educational services. During the reporting period, 30 staff members of the service providers received training on how to work with children with severe mental health problems and 18 children benefited from the services.

Under the predefined project “Establishing a Children’s Mental Health Centre (part of the Tallinn Children’s Hospital)”, construction of the mental health centre started in August 2014 and the new centre is expected to be built by the end of August 2015. Several training periods for staff working in the centre have taken place, and meetings with professionals from other sectors and between other regional mental health centres have been held. Supervision and co-vision groups are also provided for other specialists who are working with children with special needs and mental health problems (kindergarten teachers, child welfare and social workers). Two-year training for mental health nurses started at Tartu Health Care College, where 17 nurses from all of the mental health centres are studying.

One of the objectives is also prevention and treatment of communicable diseases (including HIV/AIDS and TB). The expected annual indicator for receiving treatment against Hepatitis C is 10 inmates (8 men and 2 women). So far, Estonian prisons have lacked the resources to test inmates for Hepatitis C. Inmates are tested for HIV on a regular basis, but more resources were needed for detecting and treating inmates with Hepatitis C. In 2014, a total of 651 inmates were diagnosed with Hepatitis C. The number has exceeded the target value due to the increased availability of resources which were made available through Norwegian grants. In 2014, 31 inmates (incl. 30 men and 1 woman) received treatment for Hepatitis C.

## 2.2 Bilateral relations

### **Extent of cooperation, improved knowledge, and mutual understanding**

As in previous years of implementation, during 2014 the POs also played an active role in fostering bilateral relations. There have been organised matchmaking events and study tours, and there has been seed money enabled to potential applicants for partnership searches or development visits, etc. Most of the open calls were preceded by an active search for possible partners. All the POs highlighted in the annual reports the very important role of the donor programme partners, who have been excellent advisers in all matters concerning the implementation of the programmes and a particularly great help in finding partners through their professional networks distributing information to potential partners. The Norwegian Embassy in Tallinn continues to be a good partner to the POs in information and publicity activities (e.g. opening programmes' events, publishing news about the supported projects and programmes).

The Grants' overall objective is the reduction of social and economic disparities in the beneficiary states, thus it is logical that the areas chosen for financing are in the situation where beneficiary countries are lacking in expertise or means in the field and therefore the study tours and seminars are mainly targeted for learning from more developed donor countries' experiences. Hence, it is good to recognise that a few study tours are coming from the donor countries also to Estonia. For example, within the EEA Grants' culture heritage programme, a study tour focusing on historical gardens and stonework, mainly plastering, was organised from Norway to Estonia in August 2014. Also, within the Norway Grants' Green Industry Innovation programme, a contact seminar with site visits was organised to Estonia in February 2014. In the event, a Norwegian ICT delegation with 44 participants headed by IKT Norge took part. The seminar focused on the Estonian e-government (X-road, e-ID, mobile-ID, etc.), innovative e-health, and energy management solutions.

The matchmaking events and study tours have resulted in a lot of good feedback from participants, reporting that the events have been systematic and exactly according to the target, the most useful information has been shared, and useful new contacts have been offered, speeding up the process to reaching the objectives.

As a result of the selection processes in the programmes, many projects with partners from Iceland and Norway were awarded grants. By the end of the reporting period, one-third of all the granted projects across all the programmes reported having a donor partner.

### **Shared results and wider effects**

Still, in the situation where most of the projects are in the implementation phase and have not presented actual results yet, it is too early to analyse shared results and wider effects of the Grants. Nevertheless, it is expected that the cooperation leads in many cases to wider effects, such as future cooperation in other projects, connections with professional networks, and increased access to participation in the initiatives at the European/international level.

As an example of the wider cooperation between the PO and DPP, a seminar entitled "Scientific Research and Ethics" organised by the Estonian Research Council in October in Tallinn can be brought up. The seminar was organised for the wider audience of researchers and research administrators to introduce and discuss issues concerning ethics in research and in innovation, including introducing requirements concerning ethical issues for the proposals within Horizon 2020, and introducing guidelines for research ethics for social science and humanities established in Norway.

Based on the existing experience of success in cooperation fostering events, which have already expanded the extent of cooperation, improved knowledge, and mutual understanding between Estonian and donor states' institutions and the perspective of indicated shared results based on the open call results, the outlook for meeting the overall objective of the Grants to strengthen bilateral relations between the donor states and Estonia is very likely to be met.

### 3 REPORTING ON PROGRAMMES

#### 3.1 Overview of Programme status

	Programme	Open calls launched/closed	Commitments made by PO <sup>31</sup>	Disbursements made by PO <sup>32</sup>
EE06	Norwegian-Estonian Research Cooperation	Open call completed in 2013	3 000 000 100%	1 822 611 60.8%
EE07	Green Industry Innovation	All planned open calls launched and project contracts signed	5 963 519 99.4%	1 696 972 28.3%
EE08	Public Health Initiatives	All planned open calls launched, 2 project contracts to be signed in 2015	8 496 250 95.3%	3 380 057 37.9%
EE09	Mainstreaming Gender Equality and Promoting Work-Life Balance	All planned open calls launched, 2 project contracts to be signed in 2015. Outside of the initial plan an additional SGS call will be organised in the first half of 2015	1 843 629 92.2%	664 349 33.2%
EE10	Norwegian-Estonian Scholarship Programme	All planned open calls launched, last grant decisions to be made in 2015	1 088 306 <sup>33</sup> 68%	652 164 40.8%
EE11	Domestic and Gender-based Violence	All planned open calls launched, 2 project contracts to be signed in 2015	1 895 659 92%	927 653 46.4%

#### 3.2 Individual Programme summaries

##### 3.2.1 Norwegian-Estonian Research Cooperation Programme

The programme has two expected outcomes and two outputs under each:

1<sup>st</sup> expected outcome – “Increased research cooperation between Norway and Estonia” and its outputs:

- Cooperating research institutions
- Cooperating researchers

2<sup>nd</sup> expected outcome – “Strengthened research capacity in Estonia and increased application of research results through research cooperation between Norway and Estonia” and its outputs:

- Experts visits to Estonia
- Staff exchange visits to access unique facilities or training opportunities

<sup>31</sup> According to the Structural Funds Operating System

<sup>32</sup> According to the Structural Funds Operating System

<sup>33</sup> Together with the EEA Scholarship Programme

One single call for proposals was launched in 2013 to achieve both outcomes. As a result of a very tough competition, 13 high-quality donor partnership projects received the grant in four general areas as follows: culture and society – 6; environment and biosciences – 3; physical sciences and engineering – 2; health – 2.

The first project started in September 2013 and the latest in September 2014. As the projects can last up to three years and the reporting period for projects is also a calendar year, the PO has by the time of compiling the annual report for 2014 received only the first five projects reports covering the period of September–December 2013. Thus, the assumption with regard to meeting the expected outcomes still mainly relies on the information presented in project proposals.

It can be forecasted that all the target values of the outcome and output indicators agreed in the programme agreement will not be fully achieved by the end of the programme. One of the biggest reasons behind this outlook is that the maximum grant per project was raised at a later stage from an initial 200 000 to 300 000 euros and it was possible to finance less projects, but the indicators remained as planned earlier. Thus, the discrepancy does not lie behind implementing the projects or programme as a whole

The programme will surely contribute to the development of human resources and will strengthen bilateral relations with the aim of capacity and competence building. For instance, all the projects involve master's and/or PhD students, and researchers plan to visit partner institutions to share best practices and learn from each other. The joint projects are expected to result in high-quality scientific publications and to support the PhD students in their studies. Further and more qualitative data about the progress will be available towards the end of the programme (staff exchange/experts' visits, methods acquired, publications, joint proposals).

As for horizontal concerns, none of the topics of the financed projects deal especially or directly with the horizontal concerns, but they may have broader connections to these issues. For instance, there are six projects in the field of social sciences/humanities, and one of the projects focuses on migration. Still, the projects have not reported on progress yet and it is too early to tell how the research teams themselves relate their project and research topic to horizontal concerns.

No need for major adjustments within the programme has occurred.

### 3.2.2 Green Industry Innovation

The programme has one expected outcome and three outputs under it:

Expected outcome – “Realisation of the business opportunities of greening of the European economy” and its outputs:

- Improvement of processes and smart solutions with ICT
- Development of innovative services for citizens and businesses with ICT
- Green business ideas developed and assessed

For achieving the expected outcome, the programme setup of one small grant scheme and two calls for proposals was approved in the programme agreement.

By the end of reporting period, all the calls were carried out and projects had started their activities.

Based on the assessment of the granted projects it is evident that not all the output indicators' targets will be fully met. The reason behind this is that the amounts of grants awarded per project are on average higher than initially planned, and consequently it was possible to finance fewer projects. However, the content of the projects permits the assumption that they contribute to achievement of the target values of the outcome indicators. As the projects are still in the implementation phase with no specific results yet, a more detailed analysis regarding achievement of the expected outcome will be presented in further reports.

Since beginning implementation of the programme, the PO has actively contributed to fostering bilateral cooperation. In total, four contact seminars/study tours have been carried out and 500 Estonian and Norwegian companies have attended programme events, including key IT organisations in Estonia and Norway. The last seminar took place in September 2014, even at such a high level as a part of the Estonian state visit to Norway programme. Over all, participant feedback was very positive.

The programme does not particularly address the horizontal concerns.

No need for major adjustments within the programme has occurred.

### 3.2.3 Public Health Initiatives

The programme has four expected outcomes and up to three outputs under each:

1<sup>st</sup> expected outcome – “Improved mental health services” and its outputs:

- The infrastructure for Tallinn Children’s Mental Health Centre is built and taken into use
- The rehabilitation services for children with severe mental health problems are developed and provided in community residential setting
- The plan for integrated services to improve children's mental health

2<sup>nd</sup> expected outcome – “Improved access to and quality of health services, including reproductive and preventive child healthcare” and its outputs:

- Service network for provision of integrated social, education and health services for children with mental health problems created
- Web-based information sources and counselling services are provided on mental and reproductive health

3<sup>rd</sup> expected outcome – “Life-style related diseases prevented or reduced” and its outputs:

- Social marketing campaigns on healthy lifestyles (especially regarding alcohol and tobacco)
- Substance-abuse guidelines for local governments developed and disseminated
- Training on health in all policies in non-health sectors

4<sup>th</sup> expected outcome – “Improved prevention and treatment of communicable diseases (including HIV/AIDS and TB)” and its outputs:

- Communicable disease surveillance in detention institutions increased
- Training materials and training on infectious disease prevention in detention institutions is developed and provided to contact persons of inmates
- Increased coverage with Hepatitis C treatment in detention facilities

Implementation of all four predefined projects started in 2013, and by the end of the reporting period all three planned open calls (one of them with two sub-components) were also completed. Based on the objectives of the projects, it can be said that the outlook for achieving the programme outcome indicators' targets in general is positive.

Some problems have arisen in meeting the output target – the rehabilitation services for children with severe mental health problems – as this long-term rehabilitation service for children with severe mental health disorders is new in Estonia, and current service provision is fragmented between different sectors and does not support service integration. In addition, the project implementation has been influenced by these complications and the project is three months behind schedule. There is also a lack of potential service providers and limited time to provide service, as up to 15 children can be in the service in one time. Even though the project implementation has faced many difficulties, the PO is aware of the risks and is advising the project promoter on how to overcome the problems. Several meetings with the project promoter have been held and the PO has recommended formation of an expert group between the relevant ministries to ensure sustainability and funding for the service after the end of the programme.

Besides fostering bilateral cooperation within the projects, the PO, in close cooperation with the DPP, has been very active in organising additional bilateral events relevant for several project promoters at the same time. For example, in May an expert from Oslo University Hospital was invited to introduce a quality network for inpatient and outpatient children's mental health services (QNIC & QNCC) to the specialists from all the children's mental health centres.

As for horizontal concerns, the programme directly addresses the well-being of vulnerable groups like children and youth with mental health problems and also inmates. Children with mental health problems often suffer from other related problems, such as school violence, child abuse, and domestic violence. There is also a large Russian population in Estonia, and the programme aims to develop services available for the Russian population in Russian. For instance, the project "Establishing a mental health centre for children and youngsters in North-East Estonia" is mostly targeting the Russian population, as in this area access to children's mental health services have been rather limited. In addition, one project promoter – the Estonian Swedish Mental Health and Suicidology Institute – is also developing its webpage in Russian to make information and web-based services about mental health problems available for Russian speakers.

No need for major adjustments within the programme has occurred.

#### 3.2.4 Mainstreaming Gender Equality and Promoting Work-Life Balance

The programme has three expected outcomes and up to three outputs under each:

1<sup>st</sup> expected outcome – "Awareness raised and research on gender issues promoted" and its outputs:

- High-quality, comprehensive and sustainable systems for promoting gender equality developed and implemented
- New concept for gender pay gap statistics in place
- Enhanced capacity of Gender Equality and Equal Treatment Commissioner to protect against discrimination and help obliged actors to mainstream gender in their core work

2<sup>nd</sup> expected outcome – "Balance between work, private and family life improved" and its outputs:

- Research- based concepts for promoting balance between work, private and family life developed
- Employee and family friendly social and working environment promoted

3<sup>rd</sup> expected outcome – “Capacity of gender equality organisations and networks strengthened” and its outputs:

- Gender equality organisations and networks have improved awareness and better cooperation on gender equality and gender mainstreaming measures
- Work-life balance measures supported

To achieve the expected outcomes, the programme comprised of two predefined projects, two calls for proposals, and one small grant scheme was approved in the programme agreement. By the end of the reporting period all the planned calls were carried out and financing decisions made, and one additional SGS call will be launched in the 1<sup>st</sup> quarter of 2015.

With two full years of implementation behind and one whole year still ahead, the risk that the programme will not meet its expected outcomes is moderate. The risks vary across various outcomes and should be assessed on the basis of each individual indicator rather than their compound. For instance, risks associated with achievement of the first and second outcomes are moderate due to the fact that the indicators measure changes that are dependent on the wider social and political context, i.e. the health of the economy, strategies, action plans, and other (governmental) programmes that support positive change.

All of the projects contribute to the achievement of the programme’s outcomes and can be categorized under the outputs in one way or another. Nevertheless, since the projects were chosen via open calls, the PO did not have control over the exact contents, and therefore some of the concrete output indicators will not be completely fulfilled by completion of the projects.

Over the course of the reporting period and with regard to bilateral cooperation, emphasis was continuously placed on the general exchange of knowledge and understanding, furthering cooperation between institutions at different levels and across sectors. The fund for bilateral relations remains integral to that quest.

To a certain extent, the programme addresses the majority of horizontal concerns related to fundamental values such as promoting tolerance, multicultural understanding, and respect for the rights of minorities. As was reported in 2013, the programme complements the implementation of two of the fundamental tools for eliminating intolerance and discrimination and creating a basis for equality in the Estonian society as a whole: the Gender Equality Act and the Equal Treatment Act. Close to a third of the programme’s budget is directed towards enhancing the capacity of the Gender Equality and Equal Treatment Commissioner. The Commissioner is the main body in Estonia responsible for investigating discrimination cases on the grounds of gender, nationality, race, religious beliefs, disability, age, and sexual orientation. It is the Commissioner who is supposed to make proposals to – as well as advise and inform the central and local governments on issues relating to – the implementation of the Gender Equality Act as well as the Equal Treatment Act.

No need for major adjustments within the programme has occurred.

### 3.2.4 EEA and Norwegian-Estonian Scholarship Programme

The programme has two expected outcomes and up to three outputs under these:

1<sup>st</sup> expected outcome – “Increased and strengthened institutional cooperation at all levels of the education sector (school education, higher education, vocational training/education, and adult education) between Estonia and EEA EFTA States” and its outputs:

- Inter-institutional cooperation projects in the upper secondary education sector between Estonia and EEA EFTA States
- Increased mobility for staff related to the inter-institutional cooperation projects at the upper secondary education level
- Preparing and working on innovative measures in the teaching process (as a result of the cooperation projects)

2<sup>nd</sup> expected outcome – “Increased higher education student and staff mobility between Estonia and Norway” and its outputs:

- Increased HE student mobility between Estonia and Norway through different types of mobility
- Increasing staff mobility between Estonia and Norway through different types of mobility

The modest interest in the programme among higher education institutions contributing to the expected outcome – increased higher education student and staff mobility between Estonia and Norway – continued in 2014: only four projects for mobility on the higher education level were selected for funding. Unlike the 2013 call, the interest in cooperation at the upper secondary level was considerably higher in 2014. The amounts applied for exceeded the budget by approximately 50%, creating a decent competition. Seven donor partner projects were selected for funding. The topics of the cooperation projects cover areas such as sustainability, natural sciences, mathematics, and healthy lifestyles, but also social sciences and finding new ways to face technological challenges and make the learning process more appealing for students. All the financed projects are expected to contribute to the expected outcomes and general objective of the programme, including widening and strengthening bilateral cooperation, as all the projects are implemented in cooperation with a donor partner.

In spite of the modest interest in the programme, several indicator target levels have already been achieved, and the others are in progress. The biggest concern regarding the output indicators relies in the small number of mobile students participating in the programme.

The main challenge of the programme concerns increasing the level of interest in the programme among the higher education institutions, as the level of interest has been lower than expected and may result in not reaching the target levels of the relevant indicators.

Although by the time of compiling the report it is known that the interest in the mobility call for 2015 was much higher than in previous years, the grant decisions have not been made yet, and it is too early to estimate the results of mobility projects.

No substantial changes in the programme implementation plan or between the budget lines have been made. The need for changes will be reviewed after the results of the last call are available, presumably in the second quarter of 2015.

None of the topics of the financed projects deal especially or directly with the horizontal concerns, but they may have broader connections with these issues. For instance, one of the cooperation projects implemented by Viimsi Secondary School and the Comprehensive Secondary School of Armuli (Iceland) develops sustainable school policy, which focuses among other issues on pupils and teachers’ understanding of democracy and human rights, welfare, health, and cultural diversity.

### 3.2.5 Domestic and Gender-based Violence

The programme has two expected outcomes and up to five outputs under each:

1<sup>st</sup> expected outcome – “Gender-based violence reduced” and its outputs:

- Estonian Women’s Shelters Union is creating more effective services for victims of gender-based and domestic violence and raising the skills and knowledge of specialists working with victims of violence
- Awareness-raising activities for general public implemented
- Improved knowledge and data on sexual and gender based violence, including trafficking
- Strengthened capacities of NGOs to tackle GBV

2<sup>nd</sup> expected outcome – “Victims of trafficking supported” and its outputs:

- Anti-trafficking hotline operated by the NGO Living for Tomorrow supported to provide better services
- New services for victims of sexual exploitation, provided by NGO Eluliin
- Awareness-raising activities for general public implemented
- Strengthened capacities of NGOs to tackle human trafficking
- Research in place on trafficking in human beings.

In order to move towards achieving the expected outcomes of the programme, three predefined projects began implementing their activities in 2013. In addition to that, two calls for proposals and one SGS were foreseen in the programme agreement. All the calls, including an additional call with an increased focus on combating sexual violence, were carried out by the end of the reporting period.

The reports of the predefined projects have shown clear progress in planned activities to reach the expected outcomes. All three predefined projects contributed to programme outputs: the skills and knowledge of specialists has increased, awareness about GBV and cooperation between key professionals has improved, and the number of services available has increased. There is much more knowledge and data on sexual and gender-based violence, including trafficking, available on project websites and training materials. Additionally, media coverage revealing the topic has increased a greatly during 2014. Raising awareness has certainly been the key activity in 2014.

With almost two years of implementation behind and the whole year still ahead, the risk that the programme will not meet its expected outcomes is generally low.

Bilateral cooperation has been professional and efficient both on the programme and project level. It has been encouraged and preferred in project selection for the additional open call. To promote bilateral relations through further cooperation and knowledge sharing, the cooperation committee decided to organise a call for all project promoters under the bilateral relations fund in 2015.

The programme as a whole is addressed to combating the horizontal concerns of violence against women, sexual harassment, and trafficking. All projects implemented have shared information explaining to the general public, especially youth, how specific minority and age groups (girls, young women, women with disabilities, ethnic minorities, including Roma, etc.) are vulnerable to different forms of violence. The guidelines of the open calls outlined the obligation of including people with cumulative disadvantages and specific needs according to ethnicity/minority status, age, disabilities, health status, etc. in the target group.

The public survey carried out in 2014 as a baseline indicator also showed a greater need to include minorities and especially people with cumulative disadvantages in all measures addressed in the programme. Lack of access to information is the main reason for lower awareness about gender equality and the consequences of domestic violence, attitudes that feed obsolescent stereotypes.

To gain better progress on horizontal concerns, the guidelines for SGS included requirements for reaching minorities, i.e. information should also be available for Russian-speaking people and activities should include people with cumulative disadvantages. The projects selected for grants met these requirements.

No need for major adjustments within the programme has occurred.

## **4 MANAGEMENT AND IMPLEMENTATION**

### **4.1 Management and control systems**

With the aim of avoiding the overlap of functions between the Certifying Authority and the National Focal Point and to manage the funds at an improved level, the National Focal Point has taken over the functions of the Certifying Authority, as well as the functions of the national public entity responsible for the preparation and submission of irregularity reports. The changes in the administration system and the contingent modifications of Annexes A of the Memoranda of Understanding were agreed between the National Focal Point and the donors at the extraordinary annual meeting on 13 February 2014 in Tallinn.

The reorganisation of the functions within the Ministry of Finance came into force on 1 April 2014. The management and control systems of the National Focal Point, the Certifying Authority, the Audit Authority, and the entity responsible for the preparation and submission of irregularities reports were reviewed by the National Focal Point and the Audit Authority carried out an additional compliance assessment of the renewed description of the management and control systems during April 2014. The description of the management and control systems with accompanying summary of audit procedures were submitted to the Financial Mechanism Office on 30 April 2014.

At the programme level, setup of management and control systems started for all programmes in 2013. During the first quarter of 2014, the Audit Authority carried out compliance assessments of the descriptions of management and control systems for all the programmes and the descriptions with auditor's opinions were submitted to the Financial Mechanism Office on 3 February 2014 (EE02, EE06, EE07, EE10), on 6 March 2014 (EE08, EE09, EE11), on 27 March 2014 (EE05), and on 30 April 2014 (EE04). As a result of the compliance assessments, the Audit Authority is of the opinion that the descriptions of management and control systems of all the programme operators for implementation of the EEA and Norway Grants are in all material aspects proportional, effective, and in compliance with generally accepted accounting principles in relation to achieving the objectives of the programmes. The Audit Authority is also of the opinion that the managerial setup is in line with the requirements of the Regulation.

As a result of reorganisation of the management and control system of the Structural Funds managed by the Ministry of Social Affairs, verification of payment claims of the Norway Grants programmes EE08, EE09, and EE11 was moved to the Ministry of Finance (separately from the NFP) as of 1 July 2014.

## 4.2 Compliance with EU legislation, national legislation, and the MoU

### **Legal basis**

The Memorandum of Understanding on the implementation of the Norwegian Financial Mechanism 2009–2014 between Estonia and Norway entered into force on 9 June 2011, and the legal framework of the financial mechanism based on the memorandum serves as the main legal basis for implementing the Norway Grants and is followed by the Estonian state.

Due to the organisational changes in the Ministry of Finance's structure, Annex A to the Memorandum of Understanding was updated on 30 April 2014. Annex B to the Memorandum of Understanding was updated on 19 September 2014.

The Government of the Republic of Estonia Decree No. 78 “The rules and procedures for application for and implementation of the grants from the EEA and Norwegian Financial Mechanisms 2009–2014” for establishment of the rules and procedures for application for and implementation of the grant from the EEA and Norwegian Financial Mechanisms 2009–2014 replacing the implementation agreements between the National Focal Point and the Programme Operators remained unchanged in 2014.

The Government of the Republic of Estonia Decree No. 278 “Reclamation and repayment of grants, and rules and procedures for reporting on irregularities in awarding and using the grants” of 22 December 2006, which stipulates the requirements for informing about irregularities or fraud and conditions for repayment of the financial support, was updated according to the needs for implementing the Grants. The updated Decree entered into force on 29 August 2014.

When reviewing the programme documents (open call criteria, draft agreements, etc.), special attention has been paid by the National Focal Point in assuring compliance with the legislative framework inter alia the compliance with Community Policy (state aid, public procurement, programme area specific directives).

### **State aid**

In order to make full use of available expertise, the National Focal Point and the Programme Operators have had several consultations on state aid with the Public Procurement and State Aid Department of the Ministry of Finance. In some calls the possibility of granting either state aid or de minimis aid was identified.

In all actual cases, relevant measures were taken, i.e. the project budgets were reviewed and related conditions were included in the project contracts.

Regarding all possible and actual cases of either de minimis aid or state aid, the Public Procurement and State Aid Department of the Ministry of Finance has been and will be consulted. Information on de minimis aid previously granted to Estonian applicants has been and will be checked from the relevant register under the Ministry of Finance and will be taken into account when awarding the grant.

### **Public Procurement**

In order to improve the competence of public procurement procedures of the project promoters and avoid subsequent problems, several Programme Operators or Implementing Agencies have organised area-specific public procurement trainings for the project promoters during 2014.

In addition to this, the expertise of the Managing Authority of the Structural Funds for ex-ante check and advice from the Public Procurement and State Aid Department of the Ministry of Finance are available.

### 4.3 Irregularities

There were 9 cases of irregularities in Estonia for the EEA and Norway Grants during 2014:

- 2 cases in programme EE10 EEA/Norwegian Scholarship programme;
- 4 cases in programme EE07 Green Industry Innovation (Norway Grants);
- 3 cases in programme EE04 Children and Youth at Risk (EEA Grants).

In total, there were 3 programme-level irregularities and 6 project-level irregularities. No irregularities at the beneficiary state level have been detected. The total amount of recovered funds in 2014 was 92 315 euros, and the total grant amount reduced was 119 396 euros. Detailed financial information about the irregularities is shown in Annexes 4 and 5.

FMO has closed 3 cases of irregularities where the financial corrections have been made and the grant has been reallocated:

- IR-0040 – without any financial effect;
- IR-0075 – the value of the irregularity was 8.33 euros (grant part: 7.08 euros).
- IR-0090 – the value of the irregularity was 114 240 euros (grant part: 102 816 euros).

All the cases were discovered by the Programme Operators, who sent the information about the irregularities to the NFP via Estonia's internal information system, SFOS. All cases of the irregularities were then checked by the NFP. After that, the NFP composed reports about the irregularities and sent them to the FMO via DoRIS. In 2015 the NFP will continue with the same approach for internal and external reporting of the irregularities.

### 4.4 Audit, monitoring, review, and evaluation

In the 4<sup>th</sup> quarter of 2014, the NFP initiated control procedures to review management costs in the Children and Youth at Risk programme. The main emphasis was placed on the use of a flat rate in overheads at the programme level. By the cut-off date of this report, the control had not yet been finished.

In 2015 the NFP is planning to carry out monitoring activities based on risk assessments and fraud indicators (red-flags) in the projects. Risk assessments will be based on project data and their payment details that Programme Operators have inserted into Estonia's internal information system, SFOS. Programme Operators will be informed of all of the risks identified by the end of second quarter of 2015, and will then conduct the required monitoring activities. The NFP will provide assistance to the Programme Operators to ensure that their reviews over the high-risk projects will be effective and that the risks are mitigated with their monitoring activities. The NFP will conduct additional controls over the Programme Operators or beneficiaries if necessary.

The initial risk assessments have already been carried out by the NFP, and, as a result, it has been identified that the higher risks occur in the following programmes:

1. EE04 – risks in the calculations and use of flat rate in the overheads for the projects;
2. EE07 – risks of compliance with the Estonian public procurement law in the projects.

Other programmes had lower risks in similar areas. The identified risks do not mean that the beneficiaries have broken any of the grant rules, but that there are doubts about purposeful use of the grant that should be further investigated.

In addition, the NFP will analyze and determine if there is any need for further controls in the management costs of the programmes, especially regarding use of a flat rate in the overheads, in the beginning of the third quarter of 2015.

The risk assessments will not be final and will be constantly updated by the NFP as new information is received.

The Audit Authority did not carry out any audits in 2014. In the second quarter of 2015 the Audit Authority will audit programme EE05 and in the fourth quarter programmes EE08, EE10, and EE11.

#### 4.5 Information and publicity

In general, the communication strategy for the EEA and Norway Grants 2009–2014 in Estonia has been in implementation as planned and does not need revision.

During 2014 most of the publicity was done by the Programme Operators in connection with launching the calls, organising seminars and conferences, etc. The general Grants website has been updated continuously by the NFP and news on opening calls or invitations to different seminars under the programmes have been distributed via the Facebook page for the Grants as well.

With regard to communication of the programmes performed by the Programme Operators, it can be said that the information and publicity measures that have been taken are effective. The interest in events organised under the programmes as well as active participation in the calls are the best proof of that. As of a year ago special commendation can be given to the programmes of the social field (the Children and Youth at Risk programme, the Public Health Initiatives programme, and the gender programmes) for co-operating in organising events.

The two events worth special highlighting included firstly a seminar organised together by the Public Health Initiatives, Children and Youth at Risk, and Gender-Based Violence programmes for all the project promoters in May. The aim was to introduce activities planned within different projects in order that all the project promoters were aware of each others' plans, and that they could find additional partners and avoid unnecessary overlaps in projects' activities across different projects. In addition, the seminar gave its participants a bigger and clearer picture about general processes happening in the field in which they all are active.

Secondly, the POs of the Children and Youth at Risk and Public Health Initiatives programmes organised an international conference in December, where experts from Norway, Iceland, Luxemburg, and England gave presentations about children's mental health and well-being issues. The aim of the conference was to increase awareness about children's risk behaviours and emphasize the importance of preventing risk behaviours among children and youth. As there was a lot of interest in the conference topic, it was possible to watch the conference online. The day before the conference, the Embassy of Norway opened a light sculpture entitled "Children of Lumarca", which was dedicated to the efforts supporting the Estonian children and youth under the EEA and Norway Grants.

The communication work of the Programme Operators and the National Focal Point can be assessed through the results of the public opinion survey ordered by the Ministry of Finance that for the first time included the EEA and Norway Grants, in addition to the EU Structural Funds in

2013. It then appeared that 27% of the Estonian population aged 18 to 74 knew that Estonia was receiving support from the EEA and Norway Grants. As a result of the survey carried out by Faktum & Ariko in August 2014, it appeared that the awareness of EEA and Norway Grants within the same age group had risen to 35%, which makes the annual growth eight percentage points. Within those aware of the EEA and Norway Grants the level of education showed the biggest difference: the higher the education of respondents, the higher the awareness of the Grants. Also the visibility of the Grants' logos rose during the year between the two surveys from 12% to 21%.

The results of the survey were shared on the Grants website as well as on the Facebook page of the Grants in Estonia. The trends for visibility of the Grants is planned to be monitored annually throughout the entire implementation period.

#### 4.6 Work plan

As all the planned open calls under the Norway Grants' programmes were launched by the end of 2014 and most of the actions for disseminating the results of the programmes are planned for 2016, not many large events are planned for 2015 at the programme level. There will be one additional SGS call launched under the Mainstreaming Gender Equality and Promoting Work-Life Balance programme in the 1<sup>st</sup> quarter of 2015.

The table showing the main relevant dates for partner events and information events of the programmes is as follows:

	Programme	Partner/information event
EE06	Norwegian-Estonian Research Cooperation	23 April programme committee meeting
EE07	Green Industry Innovation	PO's experience-sharing study tour to Norway, in cooperation with Innovation Norway; 8–15 May – bilateral event within the Nordic-Baltic ICT week in Tallinn
EE08	Public Health Initiatives	28–29 April – cooperation committee meeting and site visits; 30 April – “Healthier people – richer community. What kind of health costs will pay off?” seminar
EE09	Mainstreaming Gender Equality and Promoting Work-Life Balance	1 <sup>st</sup> quarter – additional SGS call; 25 February – cooperation committee meeting; 10 April – “Shaping identities through time management” conference/SGS call information day; September – “Education and gender” conference
EE10	Norwegian-Estonian Scholarship Programme	7 May – cooperation committee meeting
EE11	Domestic and Gender-based Violence	25 February – cooperation committee meeting; 29 May – Men's conference; November – seminar on sharing international experience in projects tackling GBV

The Monitoring Committee convenes before the annual meeting in order to review the progress of implementation, to give an opinion on the strategic report, and to give input on the 2015/2016 work plan of the bilateral fund at the national level.

The Cooperation Committees of the programmes are planned to be convened throughout the year in order to discuss work plans of the bilateral funds at the programme level, etc. The dates of the meetings are agreed on a rolling basis.

## **5 SUMMARY LIST OF ISSUES AND RECOMMENDATIONS**

There are no outstanding issues to be added to those that have already been mentioned under the previous chapters.

## **6 ATTACHMENTS TO THE STRATEGIC REPORT**

1. For each Programme, a table showing the breakdown in respect of applications received and projects selected / contracted, as well as the types of intervention supported.
2. For each Programme, a table providing information in respect of donor partnership projects (names of Donor State entities, number and proportion of partnership projects).
3. A summary table on Donor partnership projects on the Beneficiary State level.
4. A list of irregularities detected at the Beneficiary State level and at Programme level during the reporting period and financial corrections made.
5. For each Programme, a list of irregularities detected at project level during the reporting period and financial corrections made.
6. A plan setting out the monitoring and audit activities in the Beneficiary State for the coming reporting period.
7. A risk assessment at the national and programme levels.