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The Effects of the EEA and Norway Grants 2004–2021

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1 Introduction

Although Norway has chosen to remain outside the European Union (EU), the country's ties to Europe and to the EU's 27 member states have grown closer over time.¹ One reason for this gradual convergence has been the 1994 Agreement on the European Economic Area (EEA), which yokes Norwegian policy making and legal development to EU legislative processes (Sultana 2018, Stubholt & Grønnskakk 2019). The EEA Agreement – described by Melchior (2020:14) as 'the backbone of Norway's cooperation with the EU' and by the Norwegian Government (n.d.-a) as 'the foundation of Norway's cooperation with the EU' – makes Norway a part of the EU's internal market, guaranteeing free movement of persons², goods, services and capital and granting Norwegian business and industry access to a market of approximately 450 million people. One important element of Norwegian policy to Europe is the EEA and Norway Grants scheme.

This is a condensed version of the report *EEA and Norway Grants 2004-2021: What has Norway achieved?*³, which the Norwegian Ministry of Foreign Affairs commissioned as a review of key aspects of the EEA and Norway Grants.⁴ The main report is a descriptive synopsis of the EEA and Norway Grants for a Norwegian readership. It is not an evaluation report. It highlights how Norwegian support provided through the Grants has helped to achieve the following two objectives: (1) reduction of social and economic disparities in the EEA and (2) stronger bilateral relations between donor and beneficiary states. The report also briefly addresses knowledge and information about the scheme and refers to viewpoints on the management of the Grants, though this condensed version does not touch on the latter point. The report is based primarily on document reviews.⁵ In addition, 40 people were interviewed for their insights into the structure and administration of the EEA and Norway Grants.⁶

This condensation follows by and large the sequence of the full report. The next chapter provides a brief account of the organisation and content of the EEA and Norway Grants. In Chapter 3, the EEA and Norway Grants are considered within the framework of Norway's European policy. Chapter 4 summarises the achievements of the scheme in terms of social and economic equalisation and bilateral cooperation.

¹ These are: Belgium, France, Italy, Luxembourg, the Netherlands, Germany, Denmark, Ireland, Greece, Portugal, Spain, Finland, Sweden, Austria, Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Malta, Cyprus, Bulgaria, Romania and Croatia.

² Meaning 'legal persons', that is, both individuals (especially workers) and companies.

³ The original report is written in Norwegian and titled 'EØS-midlene 2004-2021: Hva har Norge oppnådd?'. There is also a version of this shorter report in Norwegian. Both are available at <https://www.fafopaper.no/en/projects/the-impact-of-eea-and-norway-grants>.

⁴ The origin of the commission is the Government's joint political declaration known as the Hurdal Platform (Regjeringen 2021a: 79).

⁵ The document reviews covered a selection of the EEA and Norway Grants' Memoranda of Understanding, programme plans, annual reports, final reports, evaluations, management documents and more. Also included were key Norwegian documents such as white papers, Propositions to the Storting, Official Norwegian Reports and reports by The Government to the Storting on important EU/EEA matters.

⁶ A list of interviewees and their institutional affiliation is available in the main report.

The final chapter examines awareness of the scheme in Norway and the beneficiary states as well as efforts to disseminate information about it.

2 What are the EEA and Norway Grants?

The EEA and Norway Grants stem from Articles 115-117 of the EEA Agreement and represent efforts by Norway, Iceland and Liechtenstein to reduce economic and social differences within the EEA (Regjeringen 2021b). The EEA and Norway Grants consist of two funding mechanisms: (i) the EEA Grants, to which all three countries contribute, and (ii) the Norway Grants, which is Norwegian. Since 2004, Norway has provided more than 95% of the EEA and Norway Grants' total budget of EUR 5.9 billion (more than NOK 60 billion), while Iceland and Liechtenstein have allocated the remainder.⁷ While the EEA and Norway funding mechanisms are strictly speaking separate, they will be treated here together as a single scheme.

The EEA and Norway Grants go to countries that qualify for support from the EU Cohesion Fund – that is, EU countries with a gross national income (GNI) per inhabitant below 90% of the EU average.⁸ The allocation to each is based on the fund's distribution key. Since 2004, there have been three periods of grant funding (Table 1). Between Period 1 and Period 2 the nominal increases in annual funding were marked, while between Period 2 and Period 3 the annual increases were considerably smaller. In 2022, Norway began negotiating with the EU over a new period of EEA and Norway Grants.

Table 1 EEA and Norway Grants. Allocations (EUR billion) per period and per year within each period.

	Per period	Per year in period
Period 1, 2004–2009, (5 years)	1.3	0.26
Period 2, 2009–2014 (5 years)	1.8	0.36
Period 3, 2014–2021 (7 years)	2.8	0.40

2.1 Prelude (1994–2003)

The history of the EEA and Norway Grants dates to 1 January 1994, when the EEA Agreement entered into force.⁹ The agreement gave Norway access to Europe's internal market. At the same time, a funding mechanism was established into which the EEA countries of Austria, Finland, Sweden, Liechtenstein, Iceland and Norway

⁷ For the EEA Grants mechanism, contributions are weighted by GDP size (the annual sum of all goods and services produced nationally) among the donor states.

⁸ The Cohesion Fund is an EU support scheme that aims to reduce social and economic disparities and promote sustainable development.

⁹ The EEA Agreement was negotiated and signed by seven member states of the European Free Trade Area (EFTA) and by the then European Community (EC) in May 1992. However, the Swiss rejected the agreement in a referendum, and in 1995 the EFTA countries of Finland, Sweden and Austria joined the European Union (EU). Since then, the EEA Agreement has covered only the EFTA countries of Liechtenstein, Iceland and Norway in addition to the EU. See Rye (2019) on Norway's relationship with Europe, including the inception of the EEA Agreement.

contributed EUR 500 million in the years 1994–1998 to support poor areas of the EU such as Greece, Ireland, Northern Ireland, Portugal and parts of Spain. This support fell to just EUR 120 million for 1998–2003 as a result of the entry of Sweden, Finland and Austria into the EU.

2.2 Period 1 (2004–2009)

The EU's eastward expansion in 2004 saw the inclusion of many new countries that lagged well behind most other EU member states in social and economic development. The contributions of the three EFTA countries to the poorest members of the EU rose sharply to EUR 1.3 billion. All the new EU states became part of the EEA and Norway Grants scheme. Ireland and Northern Ireland were no longer included. In 2007, Bulgaria and Romania became EU members and were incorporated into the Grants scheme, bringing the number of beneficiary states to 15.

During this period a separate administrative organ, or secretariat – the Financial Mechanism Office (FMO) – was set up for the EEA and Norway Grants in Brussels. The scheme's approximately 1 200 projects were divided among 10 priority sectors as agreed with the European Commission. Those thematic areas were still recognisable in Periods 2 and 3: environmental protection and sustainable development, cultural preservation, health and childcare, justice, human development, research, civil society, and regional cooperation. The configuration for each country reflected its own particular needs and priorities. Grants were to be used in ways that would strengthen links between the donor and beneficiary states, and about a fifth of all projects had a Norwegian partner.

2.3 Period 2 (2009–2014)

During this period the EEA and Norway Grants grew to EUR 1.8 billion. Towards the end of the period, Croatia became an EU member and a Grants scheme recipient while Spain was phased out of the scheme because its economy had strengthened, and the country no longer qualified.

To improve coordination, the focus of the EEA and Norway Grants shifted in this period from individual projects towards programmes. Most of the priority sectors from Period 1 were kept, but the list of focus areas grew to include carbon capture and storage, green industry innovation, decent work and tripartite cooperation between employer organisations, trade unions and public authorities. In all, more than 7 100 projects were funded. Fifty-eight per cent of the programmes and 34% of projects included cooperation between donor and beneficiary states, a marked increase from Period 1 and consistent with the new objective of strengthened bilateral cooperation. A separate fund for bilateral relations helped to advance this effort.

Administrative oversight of the EEA and Norway Grants was enhanced by greater reliance on measurement systems, procedures and reporting routines. FMO was strengthened, and by the end of 2012 the secretariat had 50 employees, compared to four when it was established in 2004.

2.4 Period 3 (2014–2021)

While the scheme's first two periods lasted five years each, the duration of Period 3 is seven years. The budget was increased to EUR 2.8 billion. The funding configuration is quite similar to that of the previous period, though with some new programme categories, including one to improve living conditions for the Roma. The promotion

of human rights, good governance and justice became more explicit with the addition of distinct thematic areas.

Table 2 EEA and Norway Grants. Priority sectors and programme areas 2014–2021.

Sector	Programme area
Innovation, research, education and competitiveness	<ol style="list-style-type: none"> 1. Business development, innovation and SMEs 2. Research 3. Education, scholarships, apprenticeships and youth entrepreneurship 4. Work-life balance 5. Social dialogue – decent work (Norway Grants only)
Social inclusion, youth employment and poverty reduction	<ol style="list-style-type: none"> 6. European public health challenges 7. Roma inclusion and empowerment 8. Children and youth at risk 9. Youth participation in the labour market 10. Local development and poverty reduction
Environment, energy, climate change and low carbon economy	<ol style="list-style-type: none"> 11. Environment and ecosystems 12. Renewable energy, energy efficiency, energy security 13. Climate change mitigation and adaptation
Culture, civil society, good governance and fundamental rights and freedoms	<ol style="list-style-type: none"> 14. Cultural entrepreneurship, cultural heritage and cultural cooperation 15. Civil society 16. Good governance, accountable institutions, transparency 17. Human rights – national implementation
Justice and home affairs	<ol style="list-style-type: none"> 18. Asylum and migration 19. Correctional services and pre-trial detention 20. International police cooperation and combating crime 21. Effectiveness and efficiency of the judicial system, strengthening rule of law 22. Domestic and gender-based violence 23. Disaster prevention and preparedness

Source: Regjeringen n.d.-b.

The EEA and Norway Grants of Period 3 also contains two regional funds: (i) the Fund for Youth Employment and (ii) the Fund for Regional Cooperation. Both are open to participation by countries outside the three donor states and 15 beneficiary states. As a result, some of the funded projects include participation by other EEA countries, Eastern Europe, the Balkans and Turkey. Each beneficiary state reserves a minimum of 2% of the support for placement in bilateral funds to strengthen contact and co-operation between the donor and beneficiary states.

In Period 3, 15 countries technically qualify to receive grants for programme implementation: Bulgaria, Estonia, Greece, Croatia, Cyprus, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, the Czech Republic and Hungary. However, Hungary and the donor states did not reach agreement on the appointment of an independent fund operator for the Civil Society programme. As a consequence, Hungary is not carrying out any programmes during this period.

As of 6 January 2023, more than 5 800 projects have received funding, a figure that will rise given that the period will now last until April 2024. The trend of increasing cooperation between donor and beneficiary states looks set to continue, with 37% of all projects now featuring a partner from a donor country. Period 3 has also seen FMO, now with more than 70 employees, continue to pursue a results-based approach to monitoring and managing the Grants.

2.5 The agreements and the actors

The primary agreement on administering the EEA and Norway Grants is negotiated between the donor states and the EU. Norway and the other two donor states use this agreement with the EU to prepare the scheme's 'Blue Book', which specifies priority sectors and programme areas eligible for support during the period covered. Norway's role in this process is led by the Ministry of Foreign Affairs with input from other relevant ministries.

A Memorandum of Understanding (MoU) based on Blue Book priorities is then drawn up with each beneficiary state to guide implementation of the EEA and Norway Grants there. Programmes and programme budgets are specified, as are programme operators (in the beneficiary state), programme partners (in the donor state) and international programme partners. For each beneficiary state, a national contact point is named and given overall responsibility for implementing the MoU. This contact point is often an institution equivalent to Norway's Ministry of Finance or the Prime Minister's office.

During the negotiations between donor and beneficiary states, the European Commission is consulted to ensure that the EEA and Norway Grants do not give rise to initiatives and projects that duplicate those receiving EU structural funds or other types of EU funding, and that the various support schemes instead complement one another and are employed as efficiently as possible. Not infrequently, the EEA Grants and Norway Grants are used to pay for activities for which EU or national funding is unavailable or insufficient.

Programme operators in the beneficiary states — often ministries or other public institutions with national responsibility for a policy area — are charged with bringing their programmes to fruition. As a general rule, project funds are allocated through calls for proposals. Applicant organisations may be private or public, commercial or non-commercial, or voluntary. Projects may have a donor country partner, but do not need one.¹⁰

Norwegian programme partners are public bodies and specialised agencies with national mandates in their fields. In the current period, there are 18 Norwegian programme partners.¹¹ They assist in programme design, provide expertise in programme implementation, help to recruit Norwegian project partners, and facilitate project collaboration between institutions in Norway and the beneficiary states.

Intergovernmental organisations such as the EU Agency for Fundamental Rights (FRA), the Council of Europe and the Organisation for Economic Co-operation and Development (OECD) are also programme partners. Concentrating on human rights, democracy and the rule of law, they advise and assist FMO, the Ministry of Foreign Affairs and other stakeholders in the EEA and Norway Grants. Their participation in individual programmes helps to ensure compliance with international standards,

¹⁰ In the research programmes, partnership is mandatory.

¹¹ In alphabetical order, these are the Barents Secretariat, the Directorate for Higher Education and Skills, the Directorate for Civil Protection, the Norwegian Courts Administration, the Institute of Public Health, the Research Council of Norway, the Directorate of Health, Innovation Norway, the Ministry of Justice and Public Security, the Correctional Service, the Association of Local and Regional Authorities, Art and Culture in Norway, the Equality and Anti-Discrimination Ombud, the Norwegian Environment Agency, the Water Resources and Energy Directorate, the Police Directorate, the Directorate for Cultural Heritage and the Directorate of Immigration. In addition, Iceland has two programme partners and Liechtenstein one. In addition to the listed programme partners, the Norwegian Helsinki Committee provides important support to fund operators in the Civil Society programme.

agreements and treaties while enhancing programme capacity. Programme and project partners have their expenses covered by the EEA and Norway Grants.

2.6 Late start for Period 3

Period 3 lasts nominally for seven years, from 2014 to 2021. In reality, the period will extend to the end of April 2024, because extra time was agreed to conclude activities.¹² At the end of 2021, only a third of the funds had been used, and at the time of writing (January 2023) new calls for proposals were still being submitted.

One reason for this situation has been the long time spent on negotiations. The agreement with the EU was not signed until May 2016. Organising the scheme's activities in the beneficiary and donor states also consumes time and resources. Special challenges have also arisen in the current period: first came COVID-19 and two years of associated closures, then the war in Ukraine. Both developments led to postponements and delays.

Because project implementation takes place disproportionately in the latter part of a funding period, much of the empirical data used in the main report and in this condensed version dates to Period 2.

¹² 30 April 2024 is the last day funds may be used at project level. At programme level, funds may be used through 31 December 2024.

3 EEA and Norway Grants in Norway's European policy

Political leaders in Norway have long differed over the best way to configure Norway's relationship with Europe, which is to say its affiliation with the EU. Two referendums (1972, 1994) ended with slim majorities opposing EU membership. Since then, membership has remained off the political agenda, in part because divisions over EU affiliation 'cut right across political parties and government coalitions' (Rye 2019:183).

Despite the disagreement over membership, there has been relatively broad support among elected representatives and the public at large for the EEA Agreement and Norwegian adaptation to EU policies (Rye 2019, Sverdrup 2019). Since the signing of the EEA Agreement, all Norwegian governments have governed on its basis and worked to 'deepen' cooperation with the EU (Sverdrup 2019).

There is reason to believe that Norwegians have become significantly more cognizant of Europe's importance to their economy, welfare and security than they were before the EEA Agreement entered into force in 1994. Many events in recent years have contributed to this recognition. Examples include the refugee crisis of 2014-2015, Russia's annexation of Crimea in 2014, its war against Ukraine in 2022 and the global COVID-19 pandemic that broke out in 2020. A scandal involving the Norwegian Labour and Welfare Administration in 2019 opened the eyes of many residents to the close linkages between Norwegian and EU legislation. The power crisis that arose in the wake of the Ukraine war called even more attention to Norway's close relations with Europe. The environmental movement often holds up the EU as a driving force in the fight against global warming. And so on.

Norway's sitting political leadership, civil servants and experts seek as much formalised cooperation with the EU as possible when carrying out the country's European policy. The Norwegian EU delegation in Brussels draws on its contacts and networks and attends informal meetings to obtain information and exercise influence (Haugevik & Græger, 2018). Norwegian officials and experts serve on working groups and committees and take part in professional and sectoral networks oriented to the EU. Norwegian ministries and diplomats also work bilaterally. Haugevik (2017) has described how access to information, communication of Norwegian positions and influence on EU decisions often pass through the 'back door', and how Norway's 'road to the EU' goes through bilateral partnerships with selected EU countries. She stresses the important role of embassies. Steadily cultivating access to networks and decision-making arenas is essential.

Literature surveys and interviews have shown that the EEA and Norway Grants constitute an important element of Norwegian European policy. The scheme works in several different ways. The report highlights some of them.

The EEA and Norway Grants provide opportunities for Norway to discuss shared political challenges and priorities with the EU and the beneficiary states. Projects funded through the EEA and Norway Grants can open the door to diplomatic and political discussions. Norwegian embassies and agencies can refer to the scheme's

activities, which tend to reflect key Norwegian strategies, as a means to raise other topics of Norwegian interest.

For some Norwegian institutions and individuals, the EEA and Norway Grants are their first encounter with European cooperation. For others the scheme is a way to strengthen their international skills and become better acquainted with the beneficiary states and the EU. The resulting activities enhance understanding across boundaries, languages and cultures and benefit donors and recipients alike in both the shorter and slightly longer terms.

The scheme's thousands of projects and activities enable Norway (and Iceland and Liechtenstein) to establish a clear 'footprint' in beneficiary states, making the commitment tangible and raising awareness about the EEA Agreement and Norwegian participation in the European political arena.

Through its funding of programmes and projects, the Grants scheme seeks to reduce disparities and spur social and economic development while demonstrating the readiness of its donor states to support EU policy. The scheme is a way for Norway to 'deserve' influence in different policy fields and results in political 'goodwill' (Johnsen & Rieker, 2015).

Norway stands outside the EU but has gradually established formal cooperation with the EU in an array of areas. Norway is fully in step with the EU in emphasising human rights, democracy, the rule of law and good governance, and in conjunction with the EU it seeks to counteract the democratic decline that has been observed in certain European countries. In most other areas as well, the EU and Norway have a common understanding of problems and seek solutions through effective policy development. Such areas include the UN Sustainable Development Goals, the transition to a greener economy and the Ukraine war on Europe's eastern flank, with its resulting food shortages, energy challenges and refugee flows.

4 Impact of the EEA and Norway Grants

To optimise the equalising effect of the EEA and Norway Grants on social and economic conditions across Europe, funds are distributed to sectors and programme areas that target the development needs of each beneficiary state while complementing the EU's wider development strategies. Additional emphasis is placed on the priority areas of Norway's European policy and on any potential for, or interest in, cooperation with Norway. Within the scheme, good governance, fundamental rights and democracy are seen as preconditions for reducing social and economic disparities. Accordingly, extra attention is paid to activities involving minorities, vulnerable groups, gender equality, at-risk children and youth, and civil society.

In this section we first examine the results achieved in connection with the scheme's primary objectives of (i) reducing economic and social disparities and (ii) improving bilateral relations. Taking an expansive view of the second objective, we highlight some positive effects of the EEA and Norway Grants for Norway.

4.1 Reducing social and economic disparities

Social and economic equalisation in the EEA occurs along several dimensions. It can mean reducing the economic disparities within and between countries, regions and population groups, but it can also refer to improved access to education and social services (healthcare, other care services and social assistance), to good governance (rule of law, bureaucratic competence and capacity and state structures) or to increased levels of participation and co-determination (civil society). By investing in areas that would otherwise not receive funding, the EEA and Norway Grants help to equalise the opportunities of beneficiary states, regions and local communities to build competence and advance their own development.

4.2 Reducing disparities between countries

Between 2004 and 2021, Europe's economic disparities have narrowed. Figures from 2019 show that most countries that qualify for EEA and Norway Grants have been approaching the EU's average gross domestic product (GDP) per capita. The same development is reflected in higher values on the UN Human Development Index, lower risks of poverty and social exclusion, and lower unemployment.

Although macro-level economic trends in the beneficiary countries have been positive, it is impossible to attribute the changes to the EEA and Norway Grants, because the scheme's funding represents a very small portion of all the support the countries receive. The largest contributions come from the EU's structural and investment funds (the Cohesion Fund, the European Regional Development Fund, the European Social Fund, the Just Transition Fund etc.). For example, EEA and Norway Grants accounted for only about 0.8% of total development assistance to Poland in the years 2009–2014 (Period 2).

It is nevertheless reasonable to believe that funding provided by the EEA and Norway Grants for education, research, innovation and renewable energy will strengthen the beneficiary states' industrial development potential and business competitiveness, thus buoying economic growth and reducing disparities between countries. In Period 2, projects funded by the Grants resulted in more than 1 750 products and services being developed through business collaboration and innovation. It is also clear that the knowledge sectors in beneficiary states have been strengthened by scheme-supported projects. In Period 2, more than 3 200 researchers and students took part in collaborations that helped to enable beneficiary states to develop projects that qualify for EU research and innovation funding. More than half of the partners in research programmes managed to secure EU-funded projects. Such internationalisation exposes researchers and students to pioneering knowledge that heightens competitiveness. An example – one among many – is a collaboration between SINTEF, the Norwegian University of Science and Technology, the Czech Technical University in Prague and Masaryk University in Brno that has resulted in new research on carbon capture and carbon storage.

Almost all countries that receive EEA and Norway Grants have fallen well short of their own targets for research and innovation spending as a percentage of GDP (Ecorys, 2019). Funding from the scheme to boost research and education, innovation and competitiveness therefore stimulates activity that the beneficiary countries otherwise would not have been able to prioritise and helps to reduce disparities between them and the other EU countries (Ecorys, 2019).

Although many beneficiary states have strategies and initiatives to cut greenhouse gas emissions and energy consumption, their efforts over time have been underfunded compared to similar efforts by other European countries. In a 2018 survey, two-thirds of programme operators within this sector said that the EEA and Norway Grants have helped to develop projects that otherwise would not have received support (Ecorys, 2019).

4.3 Reducing disparities between regions and groups

Concurrent with the economic equalisation between countries noted above, disparities inside many countries have increased in step with rapid economic growth, according to EU figures. Development, innovation and investment are concentrated around capitals and large cities, while rural and more remote areas lag behind. Certain population groups, too, have failed to keep pace and are less able than others to take advantage of development and economic growth. This is particularly the case for marginalised and vulnerable groups such as women, minorities, and children and youth. The EEA and Norway Grants scheme attempts to reverse this negative trend by supporting projects aimed specifically at improving living conditions for at-risk groups. Such projects make a large contribution to economic and social equalisation nationally.

Although equalisation between groups is a primary objective in all programme areas of the EEA and Norway Grants, it is the Social Inclusion, Youth Employment and Poverty Reduction sector whose programmes and projects most specifically target inclusive growth and improvement of living conditions for marginalised areas and groups. Several beneficiary states have prioritised projects in regions that score low on socio-economic indicators. The result has been better access to basic services and more capable local authorities and civil society organisations.

In Estonia, some of the support services that were established targeted parents with vulnerable children, and about 60 courses were held in Period 2 (Estonia 2016). Because of the results achieved, several initiatives related to protecting and integrating vulnerable children and youth were extended and later added into national budgets. It is one of multiple examples of the EEA and Norway Grants contributing to policy development by funding projects not previously prioritised in national strategies.

In Romania, the EEA and Norway Grants have helped to improve services and living conditions for vulnerable children and youth as well as for Roma communities, women and poor residents in remote areas. Projects carried out by public authorities and voluntary organisations in Period 2 improved educational services for some 30 000 vulnerable children and youth. In addition, more than 30 000 people gained better access to basic welfare services and a variety of vulnerable groups saw healthcare services strengthened through personnel training and the establishment of clinics and laboratories.

The EEA and Norway Grants have implemented a number of projects to serve Roma communities. Two examples from Period 2 follow:

(i) In an extremely poor district of the Bulgarian city Kyustendil, the organisation LARGO helped to establish a district council for the Roma population that drew wide participation. The project and the council enhanced residents' co-determination and influence with local authorities, with results that included an upgrade of infrastructure in the area.

(ii) In Slovakia the Centre for Research on Ethnicity and Culture carried out a project to increase the proportion of Roma who qualify for, and choose to pursue, higher education. The project included information, courses, scholarships, and coaching. A partnership with the University of Economics in Bratislava resulted in the university admitting its first Roma students.

Reducing social disparities – enabling all people to find positions of value and dignity in society – is very much a matter of identity and culture. Within the EEA and Norway Grants scheme, many activities in the sector titled Culture, Civil Society, Good Governance and Fundamental Rights and Freedoms aim to promote tolerance and integration. In many beneficiary states this sector is severely underfunded, so contributions from the EEA and Norway Grants scheme have been vital. Examples of initiatives that promote social and gender equality include the establishment of children's homes and shelters, training for people to work with vulnerable women and children and the creation of new national guidelines and legislation.

Since 2004, a key aim of the EEA and Norway Grants has been to support diverse, independent and active civil society organisations in beneficiary states. A robust civil society is part of the foundation of a healthy democracy. It safeguards basic human rights and enables people to participate meaningfully in a country's political, economic, social, and cultural life. Civil society ensures that the voices of a population are respected and that the authorities are held accountable. In Period 2, almost 3 000 projects were carried out by non-governmental organisations (NGOs). Some 4 000 organisations reported expanded capacity and more than 4 000 NGOs participated in policy-making processes. Constructive pressure by civil society organisations improved the formulation of 335 new laws and guidelines.

The EU Agency for Fundamental Rights has concluded (2022) that support for civil society provided through the EEA and Norway Grants has played an indispensable role sustaining civil society in several beneficiary states. The agency described the Grants as the primary, and sometimes only, funding source for voluntary organisations and civil society activities devoted to democracy promotion, human rights, and

political influence. By dedicating 15% of its funds to capacity building, the scheme's Civil Society programme makes a unique contribution to the resilience and sustainability of civil society organisations.

Support for civil society by the EEA and Norway Grants is deemed particularly vital at a time when independent organisations and actors are under heavy pressure in many countries. Increased polarisation of the political landscape, weaker basic rights, intensified surveillance, and a lack of funding sources are some of the challenges facing civil society. The scheme's Active Citizens Fund ensures that fund operators are independent of the authorities in beneficiary states, an arrangement of special significance in countries where independent civil society organisations find themselves under government pressure.

4.4 Bilateral relations

The EEA and Norway Grants strengthen bilateral relations by emphasising cooperation, sharing achievements and mutual understanding between donor and beneficiary states (FMO, 2016; 2017). The scheme distinguishes itself from EU funding mechanisms by facilitating and encouraging partnerships and the transfer of expertise between donor and beneficiary states. Stakeholders at all levels in the beneficiary states cite the scheme's emphasis on bilateral cooperation as an attractive characteristic that increases project and programme quality. Such bilateralism is reflected in the institutions and people that cooperatively implement projects and programmes as well as in each country's public and private sectors, academic institutions, civil society organisations and administrative and political structures.

Partnerships have been and are still most common in programme areas related to the environment and green development, justice and (especially) research and education. In programme groups categorised under headings related to civil society and social development, bilateral cooperation occurs less frequently. Final reports on Period 2 concluded that bilateral cooperation leads to better and more realistic programme documents, more effective project implementation, high levels of knowledge transfer and experience sharing and positive results. More generally, bilateral activities tend to increase competence, cultural understanding, and the capacity for international coordination in the cooperating institutions and at the political level in both donor and beneficiary states. Norwegian diplomats in beneficiary states have cited projects funded by the EEA and Norway Grants as key factors in diplomatic and political relations between donor and recipient countries. In Period 3, bilateral cooperation is a major element in all sectors.

4.5 Impact in Norway

Extensive participation in Norway indicates strong support for the scheme's overall objective of reducing social and economic disparities. Norwegian programme and project partners have shown considerable commitment to assisting partners in the beneficiary states, and the desire to succeed is often strong. For many, participating in the scheme's projects and activities is an expression of solidarity and their desire to share expertise. But as indicated above, part of the aim of strengthening bilateral relations is to generate benefits that go both ways. We will now present some examples of how the EEA and Norway Grants have had a positive impact on Norway and Norwegian actors.

First, the EEA and Norway Grants directly affect Norwegian organisations and companies by creating work for them. A total of some NOK 1 billion was paid out to

Norwegian project partners in Period 2. Moreover, the funded activities may lead to subsequent projects or assignments – including ones funded outside the scheme. Norway’s business community has drawn benefit from the EEA and Norway Grants. An example is Tomra, the Norwegian manufacturer of reverse vending machines for used beverage containers, whose cooperation with recycling companies in Poland and Romania has opened new markets for Tomra.

Second, the EEA and Norway Grants provide learning experiences for Norwegian partners. Within the cultural sector, for example, Norwegian dance and music organisations are given the opportunity to develop skills and learn new forms of expression. The Norwegian Correctional Service, for its part, points out that cooperation on correctional measures and conditions has put social relations in Norwegian prisons onto the political agenda. In the field of research and innovation, professional learning is the main point of collaboration.

Third, participants in the EEA and Norway Grants find that they can both maintain and expand valuable international networks, and interaction with others that promotes fresh thinking and new ways of doing things. As Norway’s Directorate for Cultural Heritage notes on its website:

Common to [all Norwegian organisations that have participated] is that EEA bilateral projects are an opportunity to view one’s own organisation from the outside and see how things are done in other countries. This broadens their horizons and promotes innovation.

Fourth, the EEA and Norway Grants have unintended effects, or in any case effects not stated as goals in the scheme’s MoUs and programme agreements. The green restructuring of old-fashioned, coal-fired industries in beneficiary states reduces local pollution and makes local companies more competitive, but obviously it also benefits the environment in Norway. Moreover, by insisting on good governance, democratic principles and human rights as guiding principles for the EEA and Norway Grants, and by channelling a significant share of the scheme’s funding to civil society organisations, Norway helps to curb authoritarian forces. Doing so may be viewed as a security measure for Norway and Norwegians.

That brings us to another type of effect, namely the significance of the EEA and Norway Grants as an instrument in Norwegian diplomacy and foreign policy, as detailed in section 3. In short, the scheme provides arenas in which Norway can discuss key issues with its most important international partner: the EU.

5 Information about the scheme

Knowledge about the EEA and Norway Grants scheme and its achievements is necessary for it to retain support and democratic legitimacy. Also important, here at home, is an awareness of the scheme's political significance for Norway and of what Norwegian actors can obtain in return for participating in it.

In the beneficiary states, the national contact points prepare communication strategies aimed at informing current and potential participants in the scheme about funding opportunities as well as increasing the general population's knowledge about what has been achieved. These strategies are drawn up and implemented with input from programme and fund operators, project owners, FMO and the international partner organisations and donor state representatives (programme and project partners and embassies). Key channels for communication include websites and social media platforms as well as information campaigns in more traditional media. A variety of additional activities – such as workshops, exhibitions, concerts, festivals, and podcasts – are organised to increase visibility of the EEA and Norway Grants.

According to interviewees in the beneficiary states, awareness of the EEA and Norway Grants as both a funding option and a contribution to local and national development has increased considerably over time. One survey showed, for example, that the proportion of people in Romania who had heard of the scheme increased by 17 percentage points to 25% from 2014 to 2017. As awareness of the scheme grows, so does the response to its calls for project tenders, creating a virtuous circle of better qualified partners and higher quality project implementation, all of which contribute to the desired equalisation of social and economic conditions.

A well-informed EU outside of the beneficiary states is also essential, since the donor states' contributions to the EEA and Norway Grants are an expression of support for EU policy, including the goal of a more competitive, greener and more inclusive Europe. The scheme's support for policy areas that would otherwise lack sufficient funding raises the profile of Norway and the other two donor states as credible contributors. Grant support related to the voluntary sector and the emphasis on carbon capture and storage are cases in point. By establishing themselves as an effective force in key investment areas, the donor countries find that they are more often included in EU policy making.

In Norway, according to FMO, programme partners generally hold the responsibility for communicating about the EEA and Norway Grants to potential project partners, other stakeholders, and the general population. Such communication activities are intended to raise awareness of the scheme, publicise opportunities for bilateral cooperation and call attention to project achievements and overall societal effects. Although the programme partners have succeeded in reaching existing and potential project partners, their efforts to communicate with Norwegians more broadly have been far more limited. Our interviews indicate that limited communication resources are partly to blame, but so is the absence of a clear strategy to disseminate information widely and assign responsibility for such a communication function.

As indicated in our interviews and a midterm evaluation of communication activities in Period 3, the absence of a clear strategy may be due to differing views on the

nature of the EEA and Norway Grants among FMO, the Ministry of Foreign Affairs and the programme partners. While the Ministry of Foreign Affairs focuses primarily on the larger context, and therefore sees the scheme as a tool of foreign and European policy, many employees of FMO and the partner organisations maintain a 'narrower' perspective focused on the stated goals of reducing social and economic inequality in Europe and strengthening bilateral relations through the scheme's activities in various sectors and programme areas. If the EEA and Norway Grants are to become more widely known and understood by the Norwegian population and by actors other than those already involved in activities specifically funded by the scheme, resources should probably be earmarked for information dissemination activities by Norwegian programme partners while work on a communication strategy is undertaken.

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The Effects of the EEA and Norway Grants 2004–2021

Commissioned by the Norwegian Ministry of Foreign Affairs, this paper describes the EEA and Norway Grants and summarises their effects. The Grants are the efforts of Liechtenstein, Iceland and Norway to reduce social and economic disparities in the EEA. The 15 countries qualified for support from EU's Cohesion Fund have received about NOK 60 billion through this scheme since 2004. The EEA and Norway Grants are also used to strengthen bilateral relations between donors and recipient countries.

The paper is a condensed version of a report that highlights some of the countless achievements of the 14.000 projects financed by the EEA and Norway Grants. The scheme has also benefited many Norwegian participant organisations and businesses and constitute an important element of Norwegian European policy.



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