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**GEOGRAPHIC CONTEXT OF APPLYING
FOR GRANTS FROM NORWAY,
ICELAND AND LIECHTENSTEIN
AND THE USE GRANT MONEY
IN LITHUANIA IN THE FRAMEWORK
OF THE “EUROPEAN ECONOMIC AREA
(EEA)” AND THE “NORWAY”
PROGRAMMES**



The article presents a geographic analysis of applying for grants and allocation of funds in the framework of the “European Economic Area” and “Norway” programmes in the territory of Lithuania in 2004-2009. Priority sectors of cooperation are identified.

Key words: the “European Economic Area” programme, the “Norway” programme, Lithuania, grants, priority sector of cooperation.

Though Norway, Iceland and Liechtenstein are not EU countries, they also seek to share the responsibility of reducing socioeconomic disparities on European territory, especially in Eastern and Central Europe. In connection with the EU and EEA enlargement in 2004, Iceland, Norway and Liechtenstein introduced the “Europe Economic Area (EEA)” and “Norway” grant mechanisms [3] aimed at solving the above mentioned problems. The Agreement of the European Economic Area establishes the legislative framework for the single internal market of 27 EU members and three EEA EFTA countries. The agreement guarantees “four freedoms” — the free movement of goods, persons, services and capital — for 30 EEA member states. In addition, the agreement covers co-operation in other important areas such as research and development, education, social policy, environment protection, consumer protection, tourism and culture [1]. The agreement guarantees equal rights and obligations within the internal market for citizens and economic operators in the EEA.

The agreement establishes two types of financial mechanisms: multilateral financial mechanism (Norway, Iceland and Liechtenstein) and bilateral financial mechanism in Norway. In 2004—2009, 600 million euros were allocated in the framework of the multilateral financial mechanism, and 567 million euros in the framework of the bilateral mechanism; these funds can be assigned only to the states that acceded to the EU not earlier than 2004.

The agreements with beneficiary states give priority to the following areas: environment protection, sustainable development, cultural heritage, human resources, healthcare, social protection of children, provided by the requirements of the Schengen acquis, regional policy and cross border cooperation, academic research, technical assistance, in order to meet the EU accession requirements (the Acquis Communautaire). Gender equality, ‘good governance’ and sustainable development are the core criteria for all projects [4].

Allocation of “EEA” and “Norway” grants in Europe

EEA financial mechanism 2004—2009			Norway financial mechanism 2004—2009		
Country	million euros	share in%	Country	million euros	share in%
Czech Rep.	48.54	8.09	Czech Rep.	62.37	11.0
Cyprus	1.26	0.21	Cyprus	3.40	0.6
Estonia*	10.08	1.68	Estonia*	22.68	4.0
Greece	34.36	5.71	Greece	-	-
Latvia*	19.74	3.29	Latvia*	34.02	6.0
Lithuania*	27.00	4.5	Lithuania*	40.25	7.1
Hungary	60.78	10.13	Hungary	74.28	13.1
Malta	1.92	0.32	Malta	1.70	0.3
Poland*	280.8	46.8	Poland*	277.83	49.0
Portugal	31.32	5.22	Portugal	-	-
Slovakia	32.34	5.39	Slovakia	37.99	6.7
Slovenia	6.12	1.02	Slovenia	12.47	2.2
Spain	45.84	7.64	Spain	-	-
Total:	600.00	100.00	Total:	567.00	100.00

* The Baltic Sea Region states.

Source: Ministry of Finance of Lithuania, 2008.

In 2005, Lithuania and the EFTA countries signed an agreement on the implementation of the “EEA” and “Norway” grants that gave priority to the following sectors in Lithuania:

1. environmental protection, the reduction of the number of pollutants and renewable energy source development;
2. European cultural heritage protection by means of public transportation development and the reconstruction of urban areas;
3. human resource development including education and training;
4. healthcare and social protection of children;
- 5 implementation of the Schengen Acquis initiative, 6 academic research (see the annex) [2].

Two open rounds of individual project application selection were held in autumn 2006 and summer 2008, which accounted for 51,3 million euros. In total, 341 applications were submitted, of which 193 in the first and 148 in the second round. The total amount of finance requested exceeded the amount of finance available fivefold. After the first round, Lithuania short-listed 50 projects that were submitted to the Ministry of Finance of Lithuania for assessment and to the European Commission for examination and approval by donor countries. The projects from the second round will be submitted to the Ministry of Finance for further examination and donor approval at the end of 2008. Approximately 70 % of the funding will be allocated to cultural and healthcare projects.

At the same time, two open project application procedures took place in Latvia for allocation of grants amounting to 30,5 million euros. The total grant support requested by 358 applicants (218 applications in the first round, 140 in the second one) exceeded the amount of finance available six-fold. In the first round, Latvia submitted 43 projects for further assessment. National second round shortlists will be submitted in September-November 2008, and approximately 85 % of funding will be earmarked for cultural, healthcare and environmental projects. In Estonia, approximately 23,3 million euros were allocated in the framework of the selection procedure, which took place from June 1 to August 31, 2006. The total grant support requested by 309 applications exceeded the amount of finance available twelvefold. After the assessment at the national level, 35 projects were submitted to the Ministry of Finance of Estonia for assessment and later to the European Commission for examination and donor approval. By September 2008, a total of 25,7 million euros has been earmarked for 30 Estonian projects and funds, amounting to 82 % of the total amount of finance allocated for Estonia. Approximately 85 % of the funding will be channelled to cultural, health and environmental projects. In accordance to the national priorities, approximately 400 applications were submitted for examination by Poland. Approximately 82 % of the funding will be channelled to cultural, environmental and Schengen-related projects.

The number of submitted and approved applications reveals regional differences in Lithuania, which highlights the activity of the applicants (regional authorities, municipalities, public enterprises, universities, research centres, etc.) and shows most active territories or subregions.

In the course of the first individual project selection round in the framework of the “EEA” and “Norway” programmes in Lithuania, the level of activity was considerable, only small in territory and sparsely populated municipalities did not submit project applications (Fig. 1):

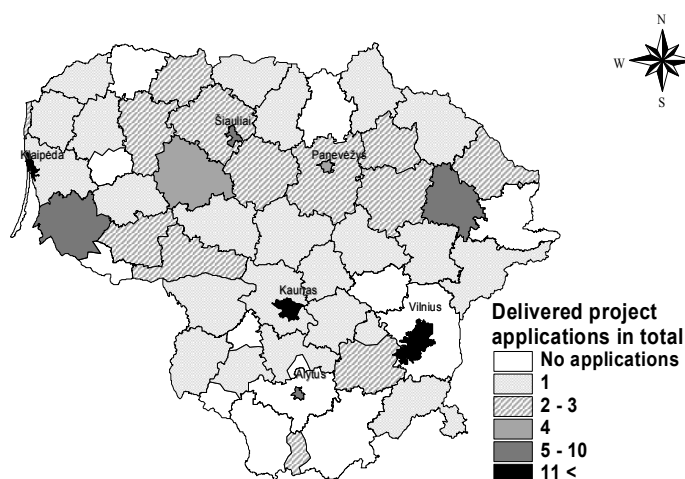


Fig. 1. Individual project applications in the first round of the “EEA” and “Norway” grant allocation in Lithuania

Source: author's own material, 2008.

Applicants from Vilnius, Kaunas, Western Lithuania, as well as Šiauliai and Panevėžys were the most active in the framework of the second priority area — the protection of European cultural heritage including public transportation development and urban area reconstruction (Fig. 2), these are the regions with the highest concentration of cultural heritage objects (wooden manors and churches) in Lithuania. Applications approved imply investment in the restoration of these objects and their adaptation to public needs, for instance, the establishment of tourist centres, traditional art and handicraft training centres, libraries, museums, and concert halls.

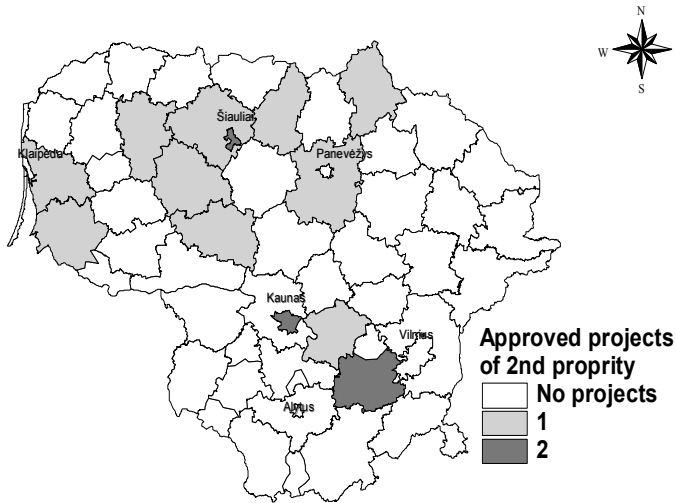


Fig. 2. Approved individual projects of the 2nd priority: protection of cultural heritage

Source: author's own material, 2008.

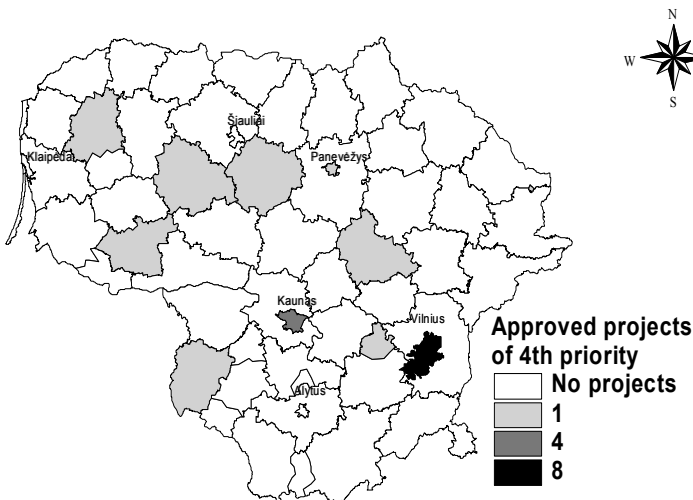


Fig. 3. Approved individual projects of the 4th priority: healthcare and social protection of children

Source: author's own material, 2008.

In the framework of the 4th priority — healthcare and social protection of children, applications from Vilnius, Kaunas, the municipalities of Plungė, Kelmė, Radviliškis, Tauragė, Vilkaviškis, Ukmergė, as well as from Elektrėnai and Panevėžys were selected for funding (Fig. 3). Applications approved include investment in the restoration of orphanages and hospitals, improving hospital and orphanage conditions and working conditions of the staff.

The financial mechanism of “EEA” and “Norway” grants focuses on the reduction of socioeconomic disparities in the countries and regions. The most attractive priorities for project implementation are those related to social development and cultural heritage protection. For countries situated on the external EU border, priority is also given to environment protection and the Schengen Acquis initiatives. Another appealing trait of the project is a possibility of attracting investment to the development of public sector on a grant basis at a considerably low rate of co-financing by the applicant (15 %).

ANNEX

Environment: approximately 25 % of the funding in the framework of the “EEA” and “Norway” grants is allocated to environment and climate related projects. Most projects under this priority sector contribute to the reduction of greenhouse gas emissions, through efforts aimed at increasing energy efficiency as well as research and use of alternative and renewable energy sources.

Sustainable development: promotion of sustainable development by means of management improvement and efficient use of resources is an important priority sector in the framework of the “EEA” and “Norway” Grants. Activities supported in this sector are closely related to the environment sector. The supported projects aim to integrate environmental policies at the regional and national levels, as well as ensure sustainable energy supply for heating to local communities.

Cultural heritage: protection of cultural heritage is the largest priority sector in the framework of the “EEA” and “Norway” grants in terms of the amount of finance, with the majority of projects being implemented in Poland. Approximately 20 % of the project funding will be allocated to European cultural heritage conservation. Around two thirds of the approved cultural projects contribute to the renovation of ‘immovable’ cultural heritage: historical buildings, fortresses, manor houses, religious monuments and historical urban areas. Several projects also include the revitalisation of buildings by providing public access, developing museum areas or renovating houses and using them as venues for social events. The cultural project portfolio includes protection of the World Heritage sites in Poland, restoration of manors in Estonia and Lithuania, renovation of wooden buildings in Latvia and urban revitalisation of historic centres in Portugal and Spain.

Human resources: approximately 10 % of the “EEA” and “Norway” grants will be given to human resource projects and funds. In addition, a large number of projects within other sectors also involve human resource development and training programmes. The majority of the approved projects concern capacity-building and the development of the public sector, especially at local and regional levels. The projects supported cover the es-

establishment of lifelong learning centres, training and capacity-building in the public sector, promoting social dialogue and intercultural cooperation, as well as renovation of public playgrounds and schools. Scholarship funds for student exchange with Iceland, Liechtenstein and Norway are set up in Latvia and Poland.

Healthcare and social protection of children: project objectives include the improvement of hospital infrastructure, childcare institutions and orphanages, as well as training health specialists and enhancing efforts aimed at prevention and treatment of communicable diseases and cancer. Several projects are aimed at the integration of children with special needs in the education system. The diverse project portfolio covers projects focusing on the development and renovation of playgrounds and sport facilities in Poland. There is another Lithuanian project on ensuring early cancer diagnosing, prevention and treatment by purchasing the necessary medical equipment and running awareness campaigns.

The **Schengen acquis:** the projects of this priority sector are funded by Norway. Integrating new Schengen members was given primary focus in the framework of the “Norway” grants; projects on border security, enhanced police cooperation were already approved. A significant amount of finance in this sector was allocated to projects providing training for police forces, upgrading border control systems and improving the Information Communication Technology (ICT) infrastructure.

Regional policy and cross border activities: grants are awarded to support local and regional development, promote knowledge transfer between regions and enhance networking and sharing experience in local development between regional development bodies. The majority of cross-border and regional policy projects involve public bodies at local or regional level as well as NGOs. Several projects support local government capacity-building initiatives and efforts to strengthen good governance in public administrations. Specific funds for local and regional development were set up in Estonia and Lithuania. The Estonian fund aims to strengthen the administrative capacity of local authorities, promote investment, and local and regional partnerships. Two Lithuanian funds engage local and regional public institutions, one of the focuses on Norwegian-Lithuanian partnership projects. Regional policy and cross border activities are a priority sector in Estonia, Latvia, Lithuania, and Poland.

The **Acquis Communautaire:** this priority is supporting the new EU member states in implementation of the EU legislation. By means of training and information activities, projects of this priority sector aim to encourage the successful implementation of the European legislation. The Acquis communautaire projects have been launched in Latvia and Poland.

Academic research: grants are awarded to research projects in priority sectors, particularly focusing on health and environmental research. The funding of research projects and supporting research cooperation between the beneficiary states and Iceland, Liechtenstein and Norway are made available both through open calls for individual project applications and specialised research funds.

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