

Evaluation of Competitiveness in Business Innovation Programmes

Final Report

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List of Abbreviations

APR	Annual Programme Report
CN	Concept Note
CoE	Council of Europe
EEA	European Economic Area
EU	European Union
EFTA	European Free Trade Area
ERDF	European Regional Development Fund
ESIF	European Structural and Investment Funds
FM	Financial Mechanism
FMC	Financial Mechanism Committee
FMO	Financial Mechanism Office
FO	Fund Operator
GrACE	Grants Administration and Collaboration Environment
MoU	Memorandum of Understanding
NFP	National Focal Point
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Co-operation and Development
PA	Programme Agreement
PIA	Programme Implementation Agreement
PDP	Pre-defined project
PLI	Project Level Information
PO	Programme Operator
PP	Project Promoter
SME	Small and medium-sized enterprises
ToR	Terms of Reference
TRL	Technology Readiness Level

0 Executive summary

This final report **presents the results of the Evaluation of Competitiveness in Business Innovation Programmes** for the 2014-2021 Financial Mechanism of the EEA and Norway Grants commissioned by the Financial Mechanism Office in May 2023 and delivered by the independent consultancy Tetra Tech International Sp. z o.o. (Tetra Tech) in December 2023. The **main objective of the evaluation was to consider how the Business Innovation programmes funded by the Grants contribute to increased value creation, sustainable growth**, and the competitiveness of private enterprises, as well as the general objectives of the Grants, i.e. reducing economic and social disparities, and strengthening bilateral cooperation.

The **focus of this evaluation was, therefore, the Grants' programme area 1 'Business Development, Innovation and SMEs'**, which falls under the priority sector 'Innovation, Research, Education and Competitiveness' of the Grants. Programme Area 01 is operationalised through the implementation of Business Development, Innovation and SME programmes, known as Business Innovation Programmes, negotiated between the Donor/s, i.e. Norway or Iceland, Liechtenstein and Norway, or Norway and a Fund Operator and the relevant EU Member States. **Each programme covers between one and three focus areas**, chosen from Green industry innovation, Blue Growth, energy, welfare technology, ambient assisted living and ICT. The Memorandum of Understanding (MoU) which governs all relations between the Donor(s) and the Beneficiary states may list **special concerns** that have to be taken into account in implementation of the programme.

This **programme area targets private businesses**. The aim is for 75% of the funding to be allocated to SMEs. All programmes are required to allocate at least 50% of the funding to Green industry innovation¹. As a general rule, **projects should be at Technology Readiness Level (TRL) 5-8**, i.e. the technology has either been validated or demonstrated in a relevant environment, a system prototype has been demonstrated in an operational environment, or the system is complete and qualified².

The **Business Innovation programmes are implemented either by a Programme Operator, i.e. generally a state entity, or a Fund Operator** selected through an open tendering process.³ Programme and Fund Operators issue calls for proposals for grants and are responsible for project monitoring. Successful applicants carrying out the proposed projects are known as Project Promoters.

Calls for proposals are standardly used for projects over EUR 200,000 as per the Grants Regulations. Call-based **Small Grant Schemes for smaller amounts have been designed to be easier to access for SMEs**, particularly smaller ones.

Programme and Fund Operators are advised by Donor Programme Partners, which are donor country public sector entities. These provide advice to the Programme or Fund Operator and also sit on the Programme Operator-chaired Cooperation Committee. **They also support Donor project partners**, which are Donor country private sector companies **who work in cooperation with Beneficiary State companies successful in obtaining a grant under the Business Innovation programmes, the Project Promoters**, on projects and thus contribute to achieving the Grants' objective of strengthened bilateral relations.

The evaluation was conducted **between March and December 2023**. The evaluation **focused on six of 10 Beneficiary States with an Innovation programme** (namely Estonia, Greece, Latvia, Poland, Portugal and Romania). Selecting six Beneficiary States favoured in-depth analysis of the position in six countries over a thinner spread across all ten. When it was possible or necessary, the evaluation took into account data and feedback for other Beneficiary States.

The **methodological framework of the evaluation adopted a mixed-methods approach to answer 11 Evaluation Questions covering four evaluation themes** (Coherence, Efficiency, Effectiveness, and Bilateral Cooperation). The methods used were desk research and analysis of existing primary data, such as semi-structured and structured interviews with key stakeholders, two online surveys of Project Promoters and Donor project partners and focus groups with business associations in the selected Beneficiary States. The use of triangulation techniques ensured robust analysis of key findings,

¹ Unless otherwise specified in the Memorandum of Understanding (MoU), which is the umbrella agreement governing relations between the donor/s and the Beneficiary State, or exceptionally in the concept note drawn up in preparation for the Programme Agreement.

² https://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/annexes/h2020-wp1415-annex-g-trl_en.pdf

³ Innovation Norway is a Fund Operator in Bulgaria, Croatia, Greece and Romania, while in the remaining Beneficiary States, state entities and agencies are working as Programme Operators.

drawing on the expertise of business development, innovation and SMEs experts in the selected EU Member States, in particular. In the assessment on the achievement of the planned results of the Business Innovation programmes in the selected Beneficiary States, the evaluation focussed on completed projects and the achievements to date of ongoing projects identified through the fieldwork visits and the Project Promoter survey .

The **key findings from the evaluation, grouped by evaluation theme**, are as follows:

Coherence

In answer to the question as to whether the programmes and their focus areas are relevant to each Beneficiary State's needs and priorities, and how these priorities should look in future, the evaluation found that **the Programmes were designed according to the priorities and specific circumstances of each Beneficiary State**. The **selected focus areas are relevant to local needs and appropriate in all programmes** and have enabled projects which contributed to the attainment of the Grants-level objective of reducing social and economic disparities. Green industry Innovation (where businesses from all sectors can enhance their competitiveness and innovation credentials while greening their operations) and ICT are relevant focus areas in all Beneficiary States, whereas Blue Growth is appropriate in the few Beneficiary States where it was selected and aligns well with Donor State expertise. **The choice of broad focus areas leaves enough leeway to address new issues and emerging priorities**, which means that **they are likely to remain relevant for the foreseeable future** as they are aligned with Donor State interests, Beneficiary States' needs and EU priorities.

In answer to the question as to whether programmes complement or have synergies with other funding sources such as the EU, national financial institutions, and other international funding schemes, the evaluation found that **the Business Innovation programmes are coherent with existing funding sources, such as EU, national financial institutions, and other international funding schemes**. This is **especially the case where the respective calls for applications for funding are not launched at the same time**, which can be an obstacle to receiving as many quality proposals as possible. **The evaluation identified particular features of the Business Innovation programmes which have prevented duplication / overlap with other existing sources of funding**, such as their focus on competitive and innovative Green industry; their targeted scope, which ensured they were tailored to address specific challenges and needs in each Beneficiary State and their emphasis on SMEs.

Efficiency

In answer to the question on the extent to which the programmes are fit for the current institutional and administrative capacities of the POs/FO and Project Promoters, **the evaluation concluded that, in most cases, the institutional actors were able to adequately cope with the operationalisation of the programmes**. There **have been a few exceptions, which have resulted in delays** in announcing results of calls and delays in contracting. The Beneficiary States' regulatory frameworks have not been an obstacle to the effective implementation of the programmes. Where projects reported regulatory delays, these fell into the category of normal changes to the business environment, such as changes in permitting/licensing procedures. **Uncertainty about the interpretation of State aid rules by Beneficiary States also created delays** in a few cases.

In answer to the question on the extent to which the Donor Programme Partners are able to support and influence programme development and implementation, the evaluation found that they fulfilled their role in a satisfactory manner. **Donor Programme Partners provided meaningful contributions to the design stages of the programmes and engaged effectively with the development and operationalisation of calls**; as well as provided input on the content and guidance to the POs. **The added value of Donor Programme Partners, and Innovation Norway in particular, was most palpable in the context of bilateral cooperation**, where they supported the formation of bilateral partnerships. However, **the level of support that Donor Programme Partners provided to Donor project partners was not always consistent** and they could have done more to support the Donor project partners outside problematic situations, in particular by easing the administrative burden they place on Donor project partners as this can be detrimental to the success of individual bilateral partnerships.

In answer to the question as to whether the Grants are accessible and feasible to implement for different types of businesses (particularly SMEs), **the evaluation found that the Business Innovation programmes are particularly relevant for smaller businesses (<50 employees)**, notably via the Small Grant Schemes. They successfully attracted smaller businesses in a context where few funding sources are available to them and/or success rates when applying for EU funds are low. The programmes have successfully accelerated the development of businesses' products or services by supporting businesses of low technological maturity. This did not prove to be a barrier to achieving high levels of technological readiness.

Grant recipients prefer grant funding to other potential types of funding. Non-grant funding on soft terms (equity participation, venture capital, interest rate subsidies, for example) is not of interest and would not be taken up or be accessible to SMEs. Non-grant funding on soft terms would also limit bilateral cooperation because projects would become less attractive for Donor State businesses and complicate programme implementation.

Implementing a Business Innovation programme project is feasible for SMEs, including micro-enterprises and start-ups. They find the conditions related to the application, selection and implementation phases of projects straightforward. Where they have knowledge of EU funds, they compare EEA/Norway grants favourably with those funds in terms of procedures.

Effectiveness

In answer to the question on the extent to which the programmes are likely to achieve their planned results, **the evaluation found that, with six months remaining for project implementation at the time of writing, it was likely that most of the projects implemented within the Business Innovation programmes would achieve their planned results.** As projects are likely to achieve their results, the programmes can also be expected to achieve most of the results set out in their Outcome and Output statements. The **special concerns outlined in the MoUs were taken into account in programme design.** They were also successfully embedded in implementation.

The **main factors which have adversely affected the achievement of results in the Business Innovation programmes so far have been largely unforeseeable challenges** (e.g. COVID-19, the Russian invasion of Ukraine, and supply chain or labour supply issues, and price and interest rate rises as a result of these or other factors). **There were challenges internal to the programmes, which also affected the achievement of planned results, but to a lesser degree,** i.e. occasionally protracted contracting processes and rules which prevent or limit moving funding between budget lines and partners in a given project. There were also challenges related to the administrative requirements in some instances. The POs/FOs adopted adequate mitigation strategies to alleviate the adverse effect of internal factors when it was feasible.

In answer to the question as to whether the Grants have contributed to competitiveness, increased value creation and sustainable growth for the businesses supported through the Business Innovation programmes, the evaluation findings were positive. **The combined outcomes of the projects e.g. in developing or marketing a new product or service, reducing energy consumption etc., amounted to a contribution by the Grants to the competitiveness, increased value creation and sustainable growth of the Beneficiary States' economies.** This applied at both national and regional level. The Grants also contributed to environmental sustainability and competitiveness at project level. The contribution to competitiveness, increased value creation and sustainable growth in the Beneficiary States may, however, have been limited by low awareness of the Grants. This may have affected the number of applications and the potential for high-quality applications.

In answer to the question on how the Grants could better measure the results of the programmes, the evaluation found that there is scope for improvement. There is room for clarification of the intended purpose of the results framework, including conveying its usefulness to those who have to fill it out. If it is not intended as a tracking tool but as a tool to measure the overall success of the Programme, the six-monthly reporting required for some indicators seems unnecessary. While the indicators as such are generally appropriate, e.g. on job creation or the proxies used for measuring 'greening', others are generic or provide numbers which are indicators of performance only at output level.

Bilateral cooperation

In answer to the question on the extent to which the overall bilateral objective of the EEA and Norway Grants has been considered in the implementation of the Business Innovation programmes, the evaluation findings were positive. **The bilateral initiatives have been conducive to the formation of many successful bilateral partnerships resulting in enhanced collaboration between Beneficiary and Donor State entities.** However, involving more Donor partner organisations would increase the number of good partnerships. In some cases, Beneficiary State companies struggle to find a partner in Donor States in the given time because they need more and timelier support with this.

In answer to the question how and to what extent are bilateral partnerships (at programme and project level) adding value to the programmes, **the evaluation found that Project Promoters and Donor project partners alike draw benefits from bilateral cooperation. Establishing a partnership is not a guarantee of success, however.** Projects often bring together partners from very different business cultures and at very different levels of technological development, without that necessarily having been well understood. The evaluation could not ascertain the conditions which determine the success of a bilateral partnership in absolute terms, but found that the success of the partnership is highly dependent on the specific circumstances of each project. **Common aims, good communication and interest in pursuing a collaboration which benefits both Donor and Beneficiary State enterprises are, however, clearly key factors that are conducive to successful bilateral cooperation.** The evaluation also found that **the Business Innovation programmes can foster long-lasting partnerships between enterprises** from the Donor and Beneficiary States.

Based on these findings, **the report makes the following key recommendations to the different institutional actors** involved in the implementation of the Business Innovation programmes, grouped by thematic scope:

Programme design and implementation

1. **The FMO should continue the use of focus areas in a future Blue Book.** They should be fewer and grouped into three overarching categories (Green growth, Blue growth and ICT / Digitalisation). These are likely to remain relevant for the foreseeable future as they are aligned with Donor State interests, Beneficiary States' needs and EU priorities. If other focus areas are considered for the Business Innovation programmes, they should be in line with Donor State priorities.
2. To ensure that as many high-quality applications as possible are received, **POs/FOs should, when planning calls, give consideration to the timing and avoid launching them in parallel with other calls with similar objectives**, such as those of EU funding programmes. POs/FOs should learn from the current experience and resource adequately in future to **avoid delays in announcing call results, in contracting and in implementation.** The POs/FOs should **set and publicise target time frames for call launch and announcement of results**, and contracting.
3. POs/FOs should **prepare and issue up-to-date guidance for Project Promoters on the way in which they interpret State aid rules** in anticipation of difficulties which may be faced by applicants.
4. The **POs/FOs should consider if the formal or informal use of the TRL framework as a marker of technological maturity is useful** in programme implementation. If it is to be used as a marker, applicants should be provided guidance on what it is and how to assess it.
5. **The POs/FOs, in conjunction with the Donor Programme Partners, should review the current approach to communication and dissemination of information on the Business Innovation programmes.** The FMO should encourage POs/FOs to be more proactive in disseminating information about the Grants.

Measuring results

1. If the **FMO or the Donors wish to track the likelihood of achievement of results, they should implement a light-touch survey-based tool** rather than using the approach in the current Results Management Framework.
2. The **FMO should encourage POs/FOs to make proactive use of the results frameworks for the purpose of ensuring ongoing reporting is accurate.** The FMO should also build on the steps already taken to make the linkages between programme outcomes and project outputs more explicit.
3. The **FMO should review the utility and measurability of all indicators.** This should include assessing their appropriateness to each focus area, avoiding unnecessary disaggregation and reviewing the timing of data collection for the indicators on bilateral cooperation, as well as considering the possibility of collecting qualitative feedback on bilateral partnerships from Project Promoters through open replies.
4. The **FMO should consider whether qualitative self-assessment fed into a central dashboard by Project Promoters might achieve a sufficiently reliable and less administratively burdensome result** for the purpose of assessing programme results. This would reduce the administrative burden on POs/FOs.

Bilateral cooperation

1. **The FMO should develop guidelines for Donor project partners on taking a more active role in bilateral cooperation.** The Donor Programme Partners should provide guidance during the elaboration of these guidelines and advise on the common difficulties faced by Donor project partners.
2. The **POs/FOs should investigate how the bureaucracy / administrative burden on Donor project partners can be reduced.** The Donor Programme Partners should support this task by relaying any feedback on the experiences of Donor project partners during programme implementation.
3. The **POs should involve more Donor partner organisations in bilateral initiatives and matchmaking events; ensure that the organisation of bilateral initiatives takes place as much as possible in advance of upcoming calls; provide more support to Beneficiary State companies seeking to find partners** in Donor States and step up their matchmaking efforts through the organisation of further bilateral initiatives. The Donor Programme Partners should support the POs/FOs by identifying a broader range of Donor enterprises and backing the organisation and promotion of bilateral initiatives in the Donor States.
4. The **POs/FOs could complement the efforts to collect qualitative data on bilateral partnerships by the inclusion of more detailed narratives on their successes (and failures) in the programmes' APRs,** as this would allow lessons to be drawn on the factors influencing the longevity of bilateral cooperation.

1 Background and context

This document is the Draft Final Report for the Evaluation of Competitiveness in Business Innovation Programmes, under Framework Agreement No. 2017-01. The evaluation is delivered by Tetra Tech International Sp. z o.o.

This study was launched following signature of the detailed contract No. 09 and the kick-off meetings between the evaluation team and the Financial Mechanism Office (FMO) on 14 and 17 April 2023.

1.1 Aims and scope of the assignment

As per the Terms of Reference (ToR), the evaluation was intended to:

- consider how the Innovation programmes contribute to increased value creation, sustainable growth, and competitiveness of private enterprises;
- investigate how the programmes are contributing to the Grants' objectives of reducing social and economic disparities and strengthening bilateral relations;
- investigate the effects of the programmes on enterprise and business environments in the Beneficiary States and Donor States; and
- explore the programme linkages with relevant EU policies, such as the European Green Deal and the European Industrial Strategy.

At a more specific level, it sought to:

- explore the extent to which the Grants help companies to be more competitive, and identify which elements lead to increased competitiveness and value creation;
- assess the 'ease of access' to the programmes for different types of businesses in the Beneficiary States. This included, in particular, the Grants' regulatory environment ("red tape"), the use of focus areas, the design of calls, the Beneficiary States' application of State aid rules, and other assistance given to applicants and Project Promoters, and the implications of the difference between having a Beneficiary state Programme Operator versus a Donor State Fund Operator;
- assess the extent to which the Grants are a catalyst for securing other co-financing in the Beneficiary States, and whether the application of co-financing requirements is appropriate.

Finally, the forward-looking aspect of the evaluation considered the relevance of focus areas and, if so, which focus areas would best match the needs and interests of the Beneficiary and Donor states.

1.2 Overview of Innovation programmes in the 2014-2020 Financial Mechanism

Business Development, Innovation and SMEs is one of five EEA and Norway Grant programme areas⁴ in the period 2014-2020 designed to contribute to the Innovation, Research, Education and Competitiveness priority⁵ sector. Together, they are designed to fulfil the two objectives of the Grants of:

- **reducing economic and social disparities** in the European Economic Area; and
- **strengthening bilateral relations** between Iceland, Liechtenstein and/or Norway and the Beneficiary States.

⁴ The others are Research, Education, Scholarships, Apprenticeships and Youth Entrepreneurship; Work-life balance and Social Dialogue – Decent Work (Norway Grants)

⁵ The other priorities are: Social Inclusion; Youth Employment and Poverty Reduction; Environment; Energy, Climate Change and Low Carbon Economy; Culture; Civil Society; Good Governance and Fundamental Rights and Freedoms; Justice and Home Affairs.

The Business Development, Innovation and SMEs programme area is seen “as a bridge between research programmes and business development close to market technologies” according to the ‘Blue Book’, *Priority sectors and programme areas 2014-2020*.⁶ This programme area “stimulates the productivity and competitiveness of European businesses through technology”.⁷ Investment in innovative processes and services is expected to strengthen economic growth and employment on the one hand, and inspire environmental and eco-sensitive management and production on the other.

The Blue Book defines a **Programme Area objective** and four areas of support, which we have described in the Intervention Logic (see [Annex I](#)) and Table 1. Each Innovation programme is framed by the objective and defines the areas of support to that objective. The programmes also define focus areas.

Table 1. Objective and Areas of Support in Programme Area 1

Programme Area	Objective	Areas of support
01. Business Development, Innovation and SMEs	Increased value creation and sustainable growth	<ul style="list-style-type: none"> • Innovative technologies, processes and services • Sustainable business development • Greening of existing businesses and processes • Development and implementation of innovative products and services

The Blue Book also suggests **types of measure** that could be supported:

Entrepreneurship and smart growth

- Business development from early-stage innovation up to testing of new technologies and supporting their first presentation to the market (piloting and demonstration facilities);
- Promotion of entrepreneurship, especially for young and/or female entrepreneurs; and
- Welfare technology and ambient assisted living.

Green industry development

- New technologies, processes and services that directly or indirectly improve the environment, including limiting pollution through purification processes, more environmental products and production processes, and more efficient handling of resources and technological systems;
- Development and implementation of greener production processes;
- ‘Blue Growth’ projects – maritime projects, e.g. technology development, maritime safety, inland water and marine projects, including port operations, energy efficiency in ships, and new control systems; and
- Environmentally friendly shipping solutions, including energy efficiency measures, LNG hybrid solutions, and zero emission solutions such as electric operations.

Programme Area 01 is operationalised through the implementation of **Business Development, Innovation and SME programmes**, known as Innovation Programmes, negotiated between the Donor/s, i.e. Norway or Iceland, Liechtenstein and Norway, or Norway and a Fund Operator and the relevant EU Member States. There are 10 Innovation programmes in total in the 2014-2020 Financial Mechanism, as all EU Member States eligible for EEA/Norway grant funding (Beneficiary States) have agreements in this Programme Area except Cyprus, Czechia, Hungary, Malta and Slovenia. **Each programme covers between one and three focus areas**, chosen from Green industry innovation, Blue Growth, energy, welfare technology, ambient assisted living⁸ and ICT. Most programmes have merged welfare technology (WT) and ambient assisted living (AAL) as the first can also include AAL projects, except in Slovakia where the separate focus areas were merged at a later stage.

The Innovation programmes, and their respective focus areas are summarised in [Annex I](#), based on the list included in the Terms of Reference as on 3 February 2023. In the case of Portugal and Slovakia,

⁶ <https://eeagrants.org/resources/eea-and-norway-grants-2014-2021-blue-book-overview-supported-programme-areas>

⁷ <https://eeagrants.org/resources/eea-and-norway-grants-2014-2021-blue-book-overview-supported-programme-areas>

⁸ Welfare technology and Ambient Assisted Living are described as a single sector in the Innovation Agreement with Slovakia.

the agreement covers more than one Programme Area: Research (PA2) and Education, Scholarships, Apprenticeships and Youth Entrepreneurship (PA3) in the case of Portugal and PA3 in the case of Slovakia.

Programme Agreements are concluded between Donor and Beneficiary States and lay down their respective rights and obligations regarding the implementation of the Programme. Annexes to the Programme Agreements cover how the objective of increased value creation and sustainable growth is to be achieved, with several outcomes relevant to the programme's objective in the Beneficiary State, a series of expected programme outputs within that relating, for examples, to technology, enterprise and job creation, achievement of environmental objectives, intellectual property objectives. These indicators are broken down by unit of measurement, the source of verification, the frequency of reporting, baseline values, the baseline year and the target value.

The Programmes are implemented either by a **Programme Operator**, i.e. generally a state entity, or a **Fund Operator** selected through an open tendering process. Innovation Norway is a Fund Operator in Bulgaria, Croatia, Greece and Romania, while in the remaining Beneficiary States, state entities and agencies are working as Programme Operators (see [Annex I](#) for more details on the respective managing entities).

They are advised by **Donor Programme Partners**, donor country public sector entities, which provide advice to the Programme or Fund Operator and sit on the Cooperation Committee together with the Programme Operator who chairs the Committee. Innovation Norway is either a Fund Operator or Donor Programme Partner in all the programmes. The National Focal Point and the Financial Management Committee attend as observers. The Committee advises on preparation and implementation of the programme, and reviews projects and report to ensure that outcomes are being achieved.

The Memorandum of Understanding (MoU) which governs all relations between the Donor(s) and the Beneficiary states may list **special concerns** that have to be taken into account in implementation of the programme. Examples are user-driven research and development (Bulgaria), or inclusion of a small grants scheme for women entrepreneurs (Poland), or a split between a focus area and other topics (Portugal), or the linkages with other Programme Areas (e.g. Romania)⁹.

This programme area **targets private businesses**. The aim is for 75% of the funding to be allocated to SMEs. All programmes are required to allocate at least 50% of the funding to green industry innovation¹⁰. Programme and Fund Operators issue calls for proposals for grants and are responsible for project monitoring. As the Agreements were signed between 2017 and 2020 depending on the Beneficiary States, calls were still being issued and projects are still under way at the time of this research. The **exact amount of the grant varies and must be below the percentage allowed by EU rules**¹¹, as these grants are considered to be **State aid**. In some cases (i.e. for some SMEs), EU block exemption or *de minimis* rules may apply.¹²

The "*de minimis*" Regulation was adopted by the European Commission in 2013. It exempts low amounts of public support to commercial undertakings from the requirement to notify the European Commission of a State aid for the Commission to review under competition policy. A **State aid is only permissible if it does not distort competition**. European Economic Area rules mirror these provisions and the EFTA Surveillance Authority (ESA) polices them. The main relevant provision of the "*de minimis*" rules in this case is to allow undertakings to receive grants of up to EUR 200,000 over a three-year period, as the provisions on subsidised loans do not apply in this case. The rules on support for undertakings in financial difficulty also do not apply, as none of the evidence we collected suggested that these provisions had been invoked. Nor was there any evidence that the Temporary Framework put in place to deal with the impact of COVID-19 had been applied to any of the projects looked at¹³. While the *de minimis* rule might seem straightforward per se, in practice interpretation can be challenging as it involves checking whether enterprises have received other support (in various forms) over the relevant period and calculating the grant equivalent.

⁹ There may be more than one special concern. These are examples of different types of concern.

¹⁰ Unless otherwise specified in the Memorandum of Understanding (MoU), which is the umbrella agreement governing relations between the donor/s and the Beneficiary State, or exceptionally in the concept note drawn up in preparation for the Programme Agreement.

¹¹ Guidelines on regional State aid for 2014-2020; https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2013.209.01.0001.01.ENG (References here are to the rules which applied in 2014-2020).

¹² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02014R0651-20170710>; <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02014R0651-20170710> (Reference here are to the rules applying in the EU in 2014-2020).

¹³ <https://www.eftasurv.int/state-aid/state-aid-rules-covid-19>

Calls for proposals are standardly used for projects over EUR 200,000 as per the Grants Regulations. The Small Grant Schemes for smaller amounts have been designed to be easier to access for SMEs, particularly smaller ones. *De minimis* (State aid) rules also apply below EUR 200,000, i.e. the grant is not considered a State aid so the regulatory processes are less complex. The Agreements specify a minimum number of calls in each category. Estonia and Latvia list predefined projects in PA01 (Innovation).

As a general rule, projects should be at **Technology Readiness Level (TRL) 5-8**, i.e. the technology has either been validated or demonstrated in a relevant environment, a system prototype has been demonstrated in an operational environment, or the system is complete and qualified¹⁴. This expresses technological maturity and closeness to being ready to be marketed, without having yet been totally proven. While the TRL level can be used as an indication, the terminology has not been formally embedded in the Innovation programmes.

Donor country private sector companies known as **Donor project partners can be contracted to work in cooperation with Beneficiary State companies on projects**. When assessing project proposals submitted by companies in the Beneficiary State, additional points are awarded to proposals that include a Donor project partner. This contributes to achieving the Grants' objective of strengthened bilateral relations. However, having a Donor project partner is not a prerequisite. Successful tenderers are known as *Project Promoters*.

Specific funds are earmarked in the MoUs for bilateral cooperation though this can be topped up subsequently. Some of this funding can then be allocated to a programme area for the activities eligible.¹⁵ In the Business Innovation programmes, **the Bilateral Fund is most commonly used for the organisation of bilateral initiatives at programme level** to support the development of bilateral relations at project level. The bilateral initiatives include the funding of events and activities which enable Beneficiary and Donor State businesses to meet like-minded companies / research partners / investors and potentially establish bilateral partnerships. The matchmaking events organised through the Bilateral Fund provide opportunities to match businesses with partners and investors, exchange of best practice and contacts, meeting of prospective customers and the identification of new / shared business channels.

2 Methodology

2.1 Overall approach

The methodological framework of the evaluation adopted a **mixed-methods approach** (Figure 1) using desk research and analysis of existing primary data, such as semi-structured and structured interviews with key stakeholders, two online surveys, focus groups, as well as **triangulation techniques** that ensure robust analysis of key findings, drawing on the expertise of **business development, innovation and SMEs experts**, in particular.

The following sections discuss the individual data sources in more detail and provide more ample information on the evidence base of the evaluation.

¹⁴ https://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/annexes/h2020-wp1415-annex-g-trl_en.pdf

¹⁵ Article 8.8 of the 2014-2021 Regulations governing EEA and Norway Grants.

Figure 1. Methodological framework



2.2 Evidence base

2.2.1 Desk research

Throughout the evaluation, the team continued their **review of secondary sources¹⁶ and data relevant to the implementation of the programmes**, as well as previous assessments and analyses of their implementation and progress across all Beneficiary States. Building on the initial data provided by the FMO, the study team assessed the programme and project-level information encoded in the GrACE system for the selected Beneficiary States.

The evaluation team carried out a **review of private sector and funding landscapes in each Beneficiary State**, designed to inform on the relevance of the Innovation Programmes and their respective focus areas to each Beneficiary States' needs and priorities, as well as the programmes' synergies with other funding sources available to businesses in each Beneficiary State. This task mainly relied on an in-depth review of the European Commission Country Report¹⁷ for the 2022 European Semester and SME factsheet¹⁸, and other relevant sources. A list of documents consulted for the evaluation is presented in Annex V.

2.2.2 Mapping of GrACE and assessment of the results frameworks

The mapping of Grants Administration and Collaboration Environment (GrACE), the system used for the management of the EEA and Norwegian Financial Mechanisms 2014-2021, provided **programme and project-level information**, which fed into the data required to answer the study questions. The data on GrACE also allowed us to develop an overview of the Innovation programme's implementation in each of the Beneficiary States selected by the FMO for the in-depth assessment work stream. This contributed to the evaluation questions relating to the achievement of the programmes' results.

The evaluation team performed **an assessment of the results frameworks of the selected Beneficiary State Business Innovation programmes**, which are contained within the Programme Agreements and as updated on the GrACE platform. The assessment considered the choice of indicators, data collection methodologies, frequency of reporting and the corresponding administrative burden on the responsible institutional actors of the Business Innovation programmes. The results of the assessment contributed to the answers to the Evaluation Questions, and in particular Evaluation Question 9 which investigates how the results of the Business Innovation programmes can better be measured, and informed the corresponding recommendations for improvement.

¹⁶ This data provided by the FMO included the concept notes, previous evaluation and monitoring reports, and operational guidance for the Innovation programmes.

¹⁷ https://commission.europa.eu/publications/2022-european-semester-country-reports_en

¹⁸ https://single-market-economy.ec.europa.eu/smes/sme-strategy/sme-performance-review_en

2.2.3 In-depth assessment of selected Beneficiary States and projects

In agreement with the FMO, **six Beneficiary States** which were selected for in-depth assessment in the context of this evaluation: Estonia, Greece, Latvia, Poland, Portugal and Romania. Details of the country sample are presented in Annex III. The sample presented a mix in terms of grant sizes (ranging from EUR 12.5 million to EUR 95 million, as well as geographical balance, with two Beneficiary States in each region (Southern, Northern, and Central and Eastern Europe) and examples of Beneficiary States achieving satisfactory and excellent progress (according to GrACE's progress index). The sample of Beneficiary States proposed by the FMO includes four countries in which the Innovation programme is managed by a Programme Operator (Estonia, Latvia, Poland and Portugal) and two managed by a Fund Operator (Innovation Norway), Greece and Romania.

In line with our proposal, we **identified 48 projects for in-country field visits in the selected Beneficiary States**. Based on a defined sampling strategy, in proposing the number per country, the sample was weighted towards smaller countries in line with agreement with the FMO that it is important to obtain a full picture in each country. Our final sample was based on a similar percentage of projects per country after the sampling filters had been applied. While it was not possible to take focus areas into account as this is not recorded in GrACE, we selected a range of projects of different types which broadly reflect these. For each visited project, we completed a **brief field visit report**, summarising the main findings for each visited project, using a standard template. The list of selected projects, as well as further information on the Beneficiary States, is presented in [Annex III](#).

2.2.4 Assessment of alternatives to grants and EU funding instruments

The ToR required us to **consider the benefits in using grants rather than financial instruments/blended finance**. However, during the scoping interviews, it became apparent that the FMO did not see a need for us to go into the depth envisaged in the proposal, i.e. including interviewing the European institutions. Nevertheless, we considered the EU's use of financial instruments based on documentary evidence, the views of Project Promoters on the attractiveness (or not) of alternatives to grants in order to be able to answer Evaluation Question 5, and gathered opinions on innovative financial instruments in our surveys.

2.2.5 Surveys of Project Promoters and Donor project partners

We conducted a **survey of Project Promoters and a survey Donor project partners** of all Innovation projects¹⁹ across all 10 Beneficiary States. The aim of the surveys was to collect **robust quantitative data from a broad sample of Project Promoters and Donor project partners** which was supplemented by in-depth interviews with Project Promoters during the field visits in selected projects.

The surveys were uploaded onto the Snap Survey software and ran for seven weeks. For the Project Promoter survey, 212 responses were received; 24 were received from the Donor project partners. Details on the profiles of the enterprises which participated in the two surveys are provided in Annex VII.

2.2.6 Interview programme

In addition to the scoping interviews, we conducted **six interviews with Programme / Fund Operators** and an additional **six interviews with National Focal Points**, i.e. one each in every Beneficiary State selected for in-depth assessment. The National Focal Points have a more prominent role in Beneficiary States without a Fund Operator or where they are active observers on the Cooperation Committee. This was taken into account in the interviews. As we were required to conduct six interviews for the National Focal Point interview programme and there is no National Focal Point in Greece and Romania, we conducted interviews in Lithuania and Slovakia to complete the sample. We also conducted **interviews with the four Donor Programme Partners which operate in the selected Beneficiary States**

¹⁹ The number of projects contracted under each programme across all Beneficiary States was 635 as of 3 February 2023.

(Innovation Norway, Research Council of Norway, The Icelandic Centre for Research and the Norwegian Directorate for Higher Education and Skills²⁰).

Details on the interview programme are included in Annex IV. Key findings from the field visits, interviews and surveys were presented to the FMO during a **fieldwork debrief meeting** held on 13 September 2023.

2.2.7 Focus groups with business associations

In addition to field visits and interviews in the selected Beneficiary States, we were required to organise **six online focus groups with business associations** in these countries (one online focus group per country). The business associations were selected for their perceived expertise in funding innovation and competitiveness in the Beneficiary State concerned. To account for potential regional differences, the business associations shortlisted for the focus groups were a mix of national and regional umbrella organisations. Members of the European Enterprise Network and the European Association of Development Agencies (EURADA) were also targeted. The national experts carrying out fieldwork in the selected Beneficiary States drew on their specific knowledge of the Beneficiary States' private sector and funding landscape for innovation and competitiveness to identify suitable business associations / organisations which have a focus on business innovation and competitiveness. Familiarity with the EEA and Norway Grants and the Business Innovation Programmes, or having received funding through the Grants, was not a pre-requisite for participation in a focus group. Only one business association, based in Greece, stated that they had previously received funding from the EEA and Norway Grants.

While the evaluation team undertook significant efforts to engage participants among business associations, sending up to 50 emails per country, it proved challenging to organise all focus groups. The focus groups in Estonia and Poland included three organisations each. In addition, separate interviews were held in Latvia (2), Greece (3), Portugal (1) and Romania (2). Details on the participating organisations are included in Annex IV.

2.3 Analysis and reporting

We analysed the **survey data using descriptive statistics** (frequencies and cross-tabulations) and a **qualitative analysis of open comments**.

We analysed our **interview data** from interviews with Donor Programme Partners, NFPs, PO/FOs, Project Promoters, and focus groups with national business associations using **qualitative data analysis techniques**. We took a **deductive approach** to reflect the main elements under investigation, which we then used to structure and identify the main themes emerging and explore relationships between topics to provide key findings.

We then **triangulated the data** to arrive at robust and evidence-based results that can be **confirmed by more than one source**. We made use of **triangulation at three different levels**:

- type of data (primary data from survey, interviews and focus groups; secondary data from desk review);
- respondent groups (FMO, POs/FOs, NFPs, Donor Programme Partners, Project Promoters and Donor project partners, national business associations); and
- methods (desk research, surveys, interviews, focus groups).

This allowed us to answer the Evaluation Questions and develop our conclusions and recommendations. We placed a focus on ensuring that our recommendations are specific, clearly evidence-based, practical and actionable, also considering the specific context of the EEA and Norway Grants for stakeholders at all three levels (FMO, national and programme).

²⁰ As per the FMO's clarification, some DPPs work only in the areas of Research (NRC and Rannis) and Education (HK-Dir.) and can give feedback on these programme areas. They do not directly work with the Innovation parts of the programmes, but could be able to give their opinion on programmes with joint programme areas.

2.4 Limitations

In-depth research on selected Beneficiary States

The evaluation focused on six of 10 Beneficiary States with an Innovation programme in line with our proposal in response to the Terms of Reference. This favoured in-depth analysis of the position in six countries over a thinner spread across all ten. As explained in section 2.2.3, the sample agreed with the FMO presents a mix in terms of grant sizes, geographical balance and examples of Beneficiary States achieving satisfactory and excellent progress (according to GrACE's progress index). **When it was possible or necessary** (for instance to complete the interview programme as explained in section 2.2.6), **the evaluation took into account data and feedback for other Beneficiary States**. The surveys of Project Promoters and Donor project partners were open to participants from all 10 Beneficiary States where a Business Innovation programme is implemented. While the present evaluation does not cover the full Business Innovation programme portfolio, the evaluation team considers the conclusions applicable to the programmes overall.

Availability of data on project results

At the time of writing of this report, **the data were not available for the full range of indicators on project Outputs and Outcomes in the selected Beneficiary States**, e.g. many programmes did not have data on certain indicators because **they would only be reported on at project completion**. Moreover, additional **projects have also been contracted since the last reporting cycle**.

Thus, the results frameworks were not at the time of this study a good guide to the achievements expected at the close of the programmes. The results frameworks mainly rely on quantitative indicators so that looking at the pure metrics at this stage does not do justice to the actual achievements at project level. In the assessment on the achievement of the planned results of the Business Innovation programmes in the selected Beneficiary States, **the evaluation focussed on completed projects and the achievements to date of ongoing projects, which were identified in the field visit reports and in the open replies to the Project Promoter survey**.

Interviewer / focus group moderator bias

To limit the risk of conscious or unconscious interviewer bias, information is collected using mitigation strategies. It is essential, as was the case here, that **interviews be carried out by consultants and experts who have considerable interviewing experience, according to standard interview protocols**. The questions were developed to be objective, while allowing for the collection of qualitative feedback. The interviewers took great care to be sensitive and allow the respondents to answer as they wished and did not expect or drive an answer.

In-country fieldwork

To the extent possible fieldwork was carried out in person. Personal visits allowed the evaluation team to get a better understanding of the activities funded via the Business Innovation programme and establish a rapport with the Project Promoter, and thus collect the most useful data possible, **Of the 48 field visits completed for the evaluation, six were conducted online (2 in Romania, 1 in Greece, 3 in Poland)**. This was either the Project Promoter's preference or because they could not find a suitable time to meet the evaluators in person within the data collection window. The fact that these meetings took place online, however, did not substantially influence the quality and usefulness of the data collected.

Focus groups

As per our proposal and according to the timeline of the assignment, the evaluation team started organising focus groups with business organisations in the six Beneficiary States selected for in-depth assessment in the beginning of September 2023. For each country, a shortlist of organisation was drawn up and they were contacted first. Reminder emails were sent weekly, and the national experts

also attempted to call the business organisations where phone numbers were available. When no responses were received, replacement organisations were contacted. Up to 50 emails were sent in each Beneficiary State. Unfortunately, **the response rates were low in some countries, which affected the organisation of the focus groups in Greece, Latvia, Portugal and Romania.** As noted in section 2.2.7. **interviews were held in the remaining countries which enabled them to go through the focus group guide and collect useful data** which was incorporated in the Draft Final Report. In addition, the evaluation team made use of the review of the Beneficiary States' SME sector and funding landscape, which was developed in preparation of the fieldwork. Thus the specific circumstances in the context of business innovation and competitiveness have been duly considered in the report.

3 Findings

3.1 Coherence

3.1.1 EQ1: *“To what extent are programmes and their focus areas relevant to each Beneficiary State’s needs and priorities and how should these look in the future?”*

Key Findings

Programmes were designed according to the priorities and specific circumstances of each Beneficiary State, ensuring their relevance. The **selected focus areas were appropriate** in all programmes. In particular, **Green Industry Innovation and ICT were relevant** focus areas in all Beneficiary States. **Blue Growth was appropriate in the few Beneficiary States where it was selected and it aligned well with Donor State expertise**. POs/FOs and Project Promoters found that the Programmes were a good fit with their needs.

The choice of broad focus areas left enough leeway to address new issues and emerging priorities. This ensured their continued relevance over time. **The focus areas also aligned well with the priorities of the EU**. This alignment facilitated coherence with EU funding programmes.

These **focus areas are likely to remain relevant for the foreseeable future** as they are aligned with Donor State interests, Beneficiary States’ needs and EU priorities.

In a **future Blue Book, the use of focus areas should be continued**. However, **they could be simplified and grouped into three overarching categories**:

- Green growth (i.e. all environmentally sustainable investment and research & development (R&D) but exclusive of Blue Growth);
- Blue Growth (which is justified by its particular affinity with Iceland and Norway) and
- ICT/ digitalisation (given its success and attractiveness to businesses and Beneficiary States).

This would be consistent with EU priorities and benefit coherence. Any additional focus areas should be in line with Donor State priorities as this stimulates the engagement of Donor enterprises in bilateral cooperation and maximises the benefits they draw from such cooperation.

The **Grants-level objective of reducing social and economic disparities was embedded in the design of the Business Innovation programmes**, and the choice of appropriate focus areas enabled projects to contribute to attaining it. In particular, the evaluators found **that projects implemented within the focus areas of Blue Growth and Welfare Technology supported this overall objective of the Grants**.

Aligning focus areas and programmes with national needs

Focus areas are defined in the Blue Book. Each Business Innovation programme covers between one and three focus areas, chosen from Green industry innovation, Blue Growth, energy, welfare technology, ambient assisted living and ICT. The focus areas are defined in the Blue Book and selected and operationalised in Concept Notes for the programmes. These outline the justification for the programmes and the main axes around which they are articulated. The choice of focus areas is formalised within the Programme Agreements.

Each Business Innovation programme is therefore first defined in a Concept Note, developed by the PO/FO. The Concept Notes distil the programmes’ essence, describing the steps taken to ensure their alignment to the specific circumstances of each Beneficiary State. **The programmes’ design is based on an analysis of the needs and challenges of the business sector, complemented by stakeholder consultations**. For instance, in Romania the Ministry for Business Environment, Commerce and Entrepreneurship collected feedback that informed the design of RO-INNOVATION from a wide range of organisations. These included cluster leaders, business organisations relevant for

the SME sector, business sector organisations, bank associations, or organisations from specific areas, such as maritime, marine or ICT, former Project Promoters and partners financed under Green Industry Innovation Programme Romania (a programme under the Norwegian Financial Mechanism 2009-2014)²¹.

Based on the aggregated stakeholder feedback and insights from the analysis, the Concept Notes outline a programme strategy tailored to addressing the identified needs and challenges of the business sector, by supporting enterprises whose project ideas are selected through open calls. The Concept Notes then describe the modalities through which the programmes' ambitions will be operationalised. These are the specific calls through which beneficiary businesses are selected. The programmes' content is then formalised in a Programme Agreement, which includes a results framework with defined outcomes and outputs, as well as indicators aiding the measurement of success. **The preparatory work undertaken at the stage of the Concept Note has ensured that each Business Innovation programme is relevant to the specific needs and challenges of the business sector of each Beneficiary State.**

The reviewed **Concept Notes describe the alignment of the programme design with national policies and strategies**, including the choice of focus areas, for instance in Estonia where the "[Business Innovation] *Programme strategy is in line with the EU and Estonian national policies and strategies.*" Some Concept Notes also provide details on the steps taken to ensure that the focus areas are relevant to the Beneficiary State's needs and priorities in terms of innovation and competitiveness, for example for Greece, where "*As part of the Programme planning a stakeholder consultation took place in Athens to identify needs within the focus areas.*"

As explained in section 2.2.1, **the evaluation team conducted desk research into the state of play of innovation, and the needs and challenges of the business sector of the Beneficiary States** selected for in-depth assessment **This review confirmed the relevance of the design of the Business Innovation programmes in each Beneficiary State.** For instance, LV-INNOVATION's Concept Note highlights that there is "insufficient cooperation and coordination between science, technological development and innovation organisations and manufacturing sector". The lack of collaboration between academia and industry was also a challenge identified in our review, e.g. in Latvia's Country Report for the 2022 European Semester²². LV-INNOVATION features a pre-defined project, the creation of Tech Business Centre team seeking to build partnerships by bringing together leading universities, risk capital representatives, government and corporates. This example showcases the close alignment in the design of a Business Innovation programme with an existing challenge in the Beneficiary State.

In addition, **the evaluation confirmed that special concerns outlined in the MoUs were taken into account in the programme design** of the Business Innovation programmes (discussed in more detail in the answer to Evaluation Question 6). This further supports the finding that they were conceived to be relevant and address each Beneficiary State's needs and challenges.

Based on the overview of the documentary evidence collected, the evaluators find that, **at the stage of programme design and resulting programme agreements, the programmes and their focus areas were tailored to the individual needs and priorities of each Beneficiary State.** This conclusion is further supported by the feedback collected during the interviews with NFPs and POs/FOs, in which stakeholders agreed that the design of the programme, including the definition of focus areas, had been mindful of the specific circumstances of each Beneficiary State, as illustrated by the following interview quote:

"During the design phase of the focus areas, the priorities and the needs of [Beneficiary State] were considered, and they were well integrated. Current government in previous tenure oversaw designing the funding mechanism. The government selected these areas, and they were also validated." (PO interview)

The interviews with NFPs, POs/FOs and Donor Programme Partners also helped us identify **success stories in terms of the choice of focus areas.** Firstly, the **Green industry innovation** as a focus area consistently came up in the interviews and focus groups as the strategic priority of governments and businesses, notably for its potential contribution to the EU Green Deal. For example, according to a Greek business association, "*high priority [should be given] to green transition and interlinking with*

²¹ <https://www.eftasurv.int/cms/sites/default/files/documents/GBER-16-2014-REG.pdf>

²² https://commission.europa.eu/system/files/2022-05/2022-european-semester-country-report-latvia_en.pdf

other technologies.”, while another stated that “Green transition is a hot matter now. Every company is trying to fit it in their plans.” **This focus area was welcomed because it was cross-sectoral and offered to improve their competitiveness or to support their innovation efforts, while also making them greener at the same time.** This double orientation aligned well with the industry feedback relayed above and elsewhere in the report.

Similarly, as **ICT / digitalisation** is one of the European Commission’s priorities for 2019-2024 and the focus of the EU’s Digital Decade (the current decade), the national-level stakeholders consulted for interviews and focus groups also highlighted its relevance for Beneficiary States in the context of business innovation . The field visits and the survey also highlighted the importance of this area for businesses, as shown in the following quotes:

“The grant has empowered us to better address the challenges of digitalization. By utilizing the funds to invest in digital technologies and process automation, we have strengthened our ability to adapt to the evolving digital landscape and boost overall operational efficiency.” (PP survey respondent, Croatia)

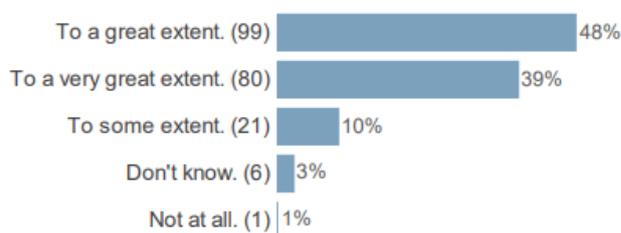
Secondly, while **the choice of Blue Growth** as a focus area was not applicable to all Beneficiary States, it **is hailed as one of the most successful areas of cooperation** within the Business Innovation programmes by Beneficiary State actors and Donor Programme Partners alike. Its success is due to the alignment of priorities in the context of Blue Growth between Beneficiary States (chiefly Portugal, but also Greece and Croatia) and Donor States (Iceland and Norway), which share the importance of marine resources in their respective economies. This alignment has given rise to meaningful bilateral partnerships and organic transfer of knowledge between Donor partners who are leading in marine innovation and Project Promoters in the Beneficiary States.

Relevance at the level of the calls

As shown in Figure 2, the **survey results confirmed that the programmes, and their choice of focus areas, have resulted in meaningful calls which matched the beneficiaries’ needs and priorities** at project level. A majority of the Project Promoter survey respondents agree that the call matched their business’s needs and priorities.

Figure 2. Survey of PPs - Needs and priorities

To what extent do you agree with the following statements in relation to your project? (The description in the call for proposals matched your business’s needs and priorities.)

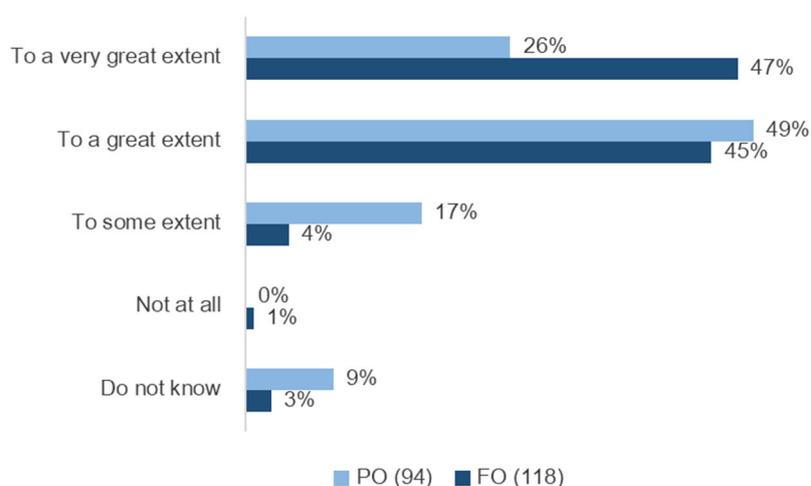


Source: Survey of Project Promoters (n=212)

As shown in Figure 3, **the Project Promoter survey suggested a slight difference in the opinions on the extent to which the call for proposals matched their business needs and priorities between Project Promoters in Beneficiary States where the programmes are managed by an FO and those in Beneficiary States with a PO.** Where the Business Innovation programmes are managed by an FO, the surveyed Project Promoters were more likely to say that the call in which they participated matched their needs and priorities to a very great extent. Thus the evaluators conclude that the FO management of a programme does not adversely affect the relevance of its modalities in the national context. On the contrary, the evidence suggests that FOs add value. The evaluators note that the Project Promoters hailing from Beneficiary States where the programme is managed by an FO (Bulgaria, Croatia, Greece and Romania) were more numerous (118) than those from a PO-managed Business Innovation programme (94) (please refer to Annex VII for more detailed profile information on

the survey respondents). As a result, generalisations about the influence of PO and FO management are made with caution.

Figure 3. Survey of PPs - Needs and priorities (FO vs PO-managed programmes)



Source: Survey of Project Promoters (n=212)

Likewise, this is also reflected in feedback collected in the field visits, where for instance, the Project Promoter delivering project EE-INNOVATION-0059 (Roofit. Solar process innovation for developing software and automated production line) notes that *“The [Green ICT Main Call launched in Estonia] aligned well with the company's objectives. Hence, two activities were implemented: production line automation and software program development. Both complement each other. One will enable more production, and the other will increase performance/sales. Thus, a boutique company with only one product grew into a full-fledged, capable company.”*

One Polish company was among those who said they had not needed to adapt their plans in order for the call design to fit their needs: *“Fairy tales did not need to be written.”*

Findings on relevance of focus areas and programmes to national needs

The evidence collected leads the evaluators to conclude that **the focus areas selected at the time of design** were and have remained **valid throughout the implementation of the Business Innovation programmes**, that they were **aligned with Beneficiary States’ needs** and **enabled Business Innovation programmes to be designed that aligned with the focus areas and national needs..** This is largely due to the horizontal nature of the focus areas selected by a majority of Beneficiary States – Green industry innovation, Blue Growth, Welfare technology and ICT. Stakeholders also agreed that the definition of focus areas allowed the **streamlining of calls for projects in the priority areas** of each Beneficiary State, which ensured the **relevance of the calls for applicants**. The **focus areas were broad enough to allow flexibility** and left some **leeway to address new issues and emerging priorities**.

One **criticism of the focus areas**, voiced by all categories of consulted stakeholders, albeit to a different degree, was that **the thematic diversity of supported areas within the Programme could make implementation difficult** and heighten the risk of the funding being spread too thinly and its impact being diluted. The evaluators agree with this view, as they find from the evidence collected that the focus areas are too numerous and are not relevant to the same degree. However, the evaluators’ assessment of positives on the concept of focus areas outweighs the identified drawbacks. Ultimately, the evaluators believe that the concept of focus areas is useful and should remain in future iterations of the programmes. However, there is **scope for simplification by reducing the number of focus areas and reframing them** [in any next iteration of the programmes], notably to reflect the importance of greening industries as a programme objective.

We considered whether focus areas such as the environment and digital are actually needed since every project is likely to be environmentally friendly (“green”) and digital in the current environment

where each new generation of machine or service is more environmentally friendly and more digital. As these enterprises are operating in an EU context, however, and the EU still makes this distinction, **we find that it is logical for the Grants to match that environment in broad terms.**

In the case of **Blue Growth, bearing in mind its prominence for Donor and Beneficiary States with marine economies**, a strong case can be made that these industries are not crowded out by the need to green industry as a whole. This would further contribute to reducing economic and social disparities as coastal communities on the periphery are often left behind economically. This would also be in line with the approach of the EU, which has a dedicated Blue Growth approach, the InvestEU Blue Economy instrument which mobilises up to EUR 500 million of EU finance until 2027 made available through intermediaries such as venture capital funds to innovative and sustainable blue economy SMEs and start-ups.

The focus groups with business associations in Estonia, Romania, and, in particular, Poland, highlighted the **importance of and the opportunities offered by digitalisation** as a priority area for funding:

“ICT is [a cross-cutting] priority, a bio economy is another one.” (Interview with business association in Romania)

“The area related to ICT is lacking. Polish companies, despite great progress, are still backward in terms of using ICT in production, services and marketing. At the same time, the ICT area is developing dynamically, especially in terms of the use of AI (the possibility of wide application regardless of the industry) – there is a lot of room for development here, and it is worth supporting. An important sub-area is cyber-security – here companies have large investment and competence deficits, and the costs of introducing cyber-security solutions are very high.” (Focus group with business associations in Poland)

The EU has a number of dedicated funding instruments to fund digitalisation so the case for alignment is strong. The same arguments can be deployed for energy. The case for welfare and ambient technology, or any other industrial sector, to be a separate focus area appears to be less strong. If there are Beneficiary States who argue for this in the next cycle, then they should be aligned with the industrial ecosystems defined in EU industrial policy or fill an identified gap.

If the timing of the decisions allows, **alignment should be sought between the shortlist of focus areas available to Beneficiary States and the European Commission’s priorities for its next mandate.** This would ensure the strategic relevance of the Business Innovation programmes to contribute to the objectives already pursued by the Beneficiary States as members of the European Union. In the 2023 State of the Union Address²³, President von der Leyen shared the EU’s intention to hold Clean Transition Dialogues with industry aiming to support every sector in building its business model for the **decarbonisation of industry**. This has emphasised the importance of green transition in enhancing competitiveness in Europe. In this view, the **Business Innovation programmes’ focus on greening industry strongly resonates with this objective.**

Finally, the feedback of Donor Programme Partners indicates that the **relevance of focus areas to the Donor States enhances the quality of bilateral partnerships** and is conducive to a heightened engagement from Donor State businesses within the programmes.

Relevance to EEA/Norway Grant objectives

While Evaluation Question 1 is not expected to consider the contribution of the Business Innovation programmes to the Grants' overall objectives, the in-depth review of the programmes' focus areas presents an opportunity to evaluate their relevance for these objectives. **Programme Area 1 is expected to support** the objective of the Grants of **reducing economic and social disparities** in the EEA through its objective to increase value creation and sustainable growth²⁴. The amount of funding disbursed by the EEA and Norway Grants is relatively small compared to the EU funding Member States receive from the Cohesion Fund for example²⁵, irrespective of any other funds. Thus establishing a direct link between the Business Innovation programmes and the Grants' overall objective of reducing economic and social disparities is not straightforward.

²³ [State of the Union Address by President von der Leyen \(europa.eu\)](#)

²⁴ The programme areas defined by the Donors in the Blue Book link to the Grant-level objectives. The programme areas are then operationalised into programme designs.

²⁵ In 2014-2020, for example, Latvia received over EUR 5 billion from the EU: €5 404 678 515 with large sums for the low-carbon economy, environmental protection and SME competitiveness, as shown on <https://cohesiondata.ec.europa.eu/programmes/2014LV16MAOP001>

Nevertheless, the evaluators found that **this Grants-level objective was embedded in the design of the Business Innovation programmes**, and the choice of appropriate focus areas enabled projects that contributed to attaining it. For example, as per its Concept Note, **the PT-INNOVATION programme aims at increased value creation and sustainable growth**, including long-term marine and maritime economic growth, and social cohesion (in terms of local communities and maritime activities) through the funding of projects in the focus area of Blue Growth. While there is **no way of measuring the exact contribution, the way in which the funds were expended points in that direction**. The Grants funded projects in all NUTS 2²⁶ mainland coastal areas of Portugal, namely Norte, Algarve, Área Metropolitana de Lisboa, Centro and Alentejo. For example, funding in project PT-INNOVATION-0008 *The Ocean Week* supported local traditional economies by increasing the flow of holidaymakers attracted by an innovative product developed for nautical tourism. PT-INNOVATION also exceeded its Outcome target by creating 63 new jobs, of which some were in coastal communities.

Projects in the focus area Welfare technology also contributed to the Grants' objective of reducing economic and social disparities in the EEA. The Concept Note of PL-INNOVATION indicates the programme's ambition to alleviate socio-economic challenges in Poland (fighting social exclusion by the elderly, making life easier for people with disabilities, improving access to education and health care, providing better adaptation to labour market needs and structural unemployment) through innovation. Project PL-INNOVATION-0029 *SOURCETECH* provides an example of such an achievement in practice. The funding received aims to increase the competitiveness of the business through the development of an innovative service, based on vital function monitoring technology using modern ICT solutions. This service will be offered to local municipalities and is expected to increase the quality of care for the elderly.

The **focus area of ambient assisted living was only chosen by Slovakia**, which was not selected for in-depth research in the evaluation of the Business Programmes. However, the review of the results framework provides insights on the expected results of SK-INNOVATION. **The expected outputs of this programme (such as support to enterprises focussed on innovation in welfare and ambient assisted living technologies, solutions and processes) clearly align with the objective** of reducing economic and social disparities in the EEA.

The review of the results frameworks (see Table 4 in the answer to Evaluation Question 8, section 3.3.3) indicates that **the outputs of the Business Innovation programmes operationalised within the Green industry innovation and ICT focus areas consistently include the creation of jobs across the six Beneficiary States** assessed in detail. In addition, **PL-INNOVATION supports female enterprises in the programme focus areas Green industry innovation, Blue Growth and welfare technologies** (Output 1.4). This output is operationalised through the Small Grants Schemes for female enterprises, which awarded over €7 million to business projects led by women, in a bid to enhance those enterprises' innovative potential, upgrade their competitiveness and accelerate their economic development. The evaluators see **these examples as a contribution towards the Grants' objective of reducing economic and social disparities in the EEA at the level of the communities where jobs were created and / or female entrepreneurship was supported**. We discuss the Grants' (and Business Innovation programmes') contribution to competitiveness, increased value creation and sustainable growth (which includes social sustainability) in the answer to Evaluation Question 8, section 3.3.3.

3.1.2 EQ2: *"To what extent do programmes complement or have synergies with other funding sources such as the EU, national financial institutions, and other international funding schemes?"*

Key Findings

The Business Innovation programmes are coherent with existing funding sources, such as EU, national financial institutions, and other international funding schemes. The synergies between the Business Innovation programmes and other funding sources are maximised when their respective calls for applications for funding are not launched at the same time. **When planning calls,**

²⁶ The Nomenclature of territorial units for statistics, abbreviated NUTS (from the French version Nomenclature des Unités territoriales statistiques) is a geographical nomenclature subdividing the economic territory of the European Union into regions at three different levels (NUTS 1, 2 and 3 respectively, moving from larger to smaller territorial units). In Portugal, the mainland NUTS 2 regions are Norte, Algarve, Área Metropolitana de Lisboa, Centro and Alentejo.

consideration should be given to the timeliness of calls and to avoid launching them in parallel with other calls with similar objectives, such as funding programmes of the EU.

The programmes **fill gaps in provision of funding to SMEs** because they were tailored to the challenges and needs of each Beneficiary State.

The Business Innovation programmes have **particular features which prevent duplication / overlap with other existing sources** of funding. They are:

- **A focus on competitive and innovative Green industry**, which was not a priority pursued by EU or national funding schemes;
- **A targeted scope**. They are based on defined focus areas and are tailored to address specific challenges and needs in each Beneficiary States. This provides Beneficiary States with the ability to focus on the development and implementation of priorities such as Green industry and Blue Growth;
- **They are not sector-specific**: all types of companies are welcome providing they are seeking to develop their business in a sustainable way;
- **An emphasis on SMEs**. The Business Innovation programmes are particularly relevant for smaller businesses (<50 employees), notably via the Small Grant Schemes. These businesses struggle to apply for and/or absorb EU funding; and
- **An opportunity for bilateral cooperation in an organised way**.

Innovation in the selected business areas of entrepreneurship and smart growth and green industry development is intended to **support the efforts of the EU's Europe 2020 and Horizon 2020 strategies**, and thematic objectives in the EU's cohesion policy 2014-2020 according to the EEA and Norway Grants Blue Book²⁷. The support is intended to be complementary to the corresponding policies of the EU, since both the EEA EFTA countries and the EU "subscribe to the principle of sustainable development and share a common objective of creating competitive and dynamic knowledge-based economies."

Complementarity by design

The evaluators reviewed the Business Innovation programmes' **Concept Notes** and found that they provide **an analysis of the complementarity of the funding provided by the EEA and Norway Grants with existing funding from national and EU sources**. The Concept Notes also explain why **the Business Innovation programmes do not duplicate existing funding**. Some Concept Notes provide more details than others but, for all the reviewed Beneficiary States, the evaluators conclude that the programmes are coherent with existing funding schemes and consistent with their thematic objectives. The review of the Concept Notes for the selected Beneficiary States indicates that, at the design stage of the programmes, **the following funding niches were identified and informed the articulation of the programmes to ensure limited overlap** with existing funding schemes:

- **A focus on competitive and innovative Green industry**: Based on the feedback collected, the evaluators found that greening the business is not a key priority overtly pursued by EU or national funding schemes despite the fact that there are EU funds which arguably can be used for this purpose. In this view, the Business Innovation programmes fill a gap in provision by combining a requirement of sustainable / green approaches with business innovation, with the objective of increasing the turnover and profitability of participating enterprises and contributing to value creation.
- **A targeted scope, based on defined focus areas**: Most private, national and international mechanisms provide funding to support all types of innovation through variable modalities (such as seed and venture capital, innovation vouchers, acceleration etc.). The Business Innovation programmes have been tailored to address specific challenges and needs in each Beneficiary States, and have the ability to focus on the development and implementation of chosen

²⁷ Op.cit.

innovation priorities (i.e. Green industry, ICT, and other priority areas relevant to the given country).

- A **cross-sectoral approach**: The Business Innovation programmes welcome all types of companies from all business sectors seeking to develop their business in a sustainable way. This is not necessarily the case for other funding schemes.
- An **emphasis on SMEs**: The Business Innovation programmes have a clear focus on SMEs, notably by the inclusion of the Small Grant Schemes, and have the potential to reach businesses which may struggle to apply for and absorb EU funding.
- An **opportunity for bilateral cooperation in an organised way**: The Business Innovation programmes promote and enable bilateral cooperation between Beneficiary and Donor State businesses, thus offering the opportunity of knowledge transfer and other benefits resulting from these partnerships. While this is not necessarily a new concept, the participants in the focus group with Polish business associations note that “[in EU-funded projects] *having a partner in the project is often given extra points. However, the 2014-2020 financial perspective has shown that often these partnerships were created only for the purpose of being shown in the grant application and did not really add any value, and during project implementation the partnership did not really function.*” In contrast, the fieldwork and surveys found that many bilateral partnerships in the Business Innovation programmes have created benefits and have the potential to sustain long-term collaborations. The evaluators find that the programmes’ approach to bilateral cooperation is fruitful, where other approaches may be lacking.

From the analysis of the data collected from NFPs and POs/FOs the evaluators found that **the Business Innovation programmes are complementary to other funding sources** such as EU, national financial institutions, and other international funding schemes. The interviewed stakeholders confirmed that there was no obvious overlap between the programmes and other funding sources.

Enhancing complementarity through call timing

However, it was highlighted that **getting the timing of calls right is crucial to the complementarity of the programmes with other sources of funding**. The evaluation found that this was the case regardless of whether the programme is managed by a PO or a FO. The evaluators believe that **more consideration should be given to the timelines of other support programmes with similar objectives** (notably EU). This would prevent procedures running in parallel, which could affect the take-up and overall usefulness of the programmes to businesses in the Beneficiary States. The evaluators acknowledge that holding the launch of a call to avoid it running in parallel with another from a programme with similar objectives could cause delays to programme implementation. **It is for POs/FOs to weigh the benefits of rapid implementation against the benefits of receiving more / better quality applications** by waiting in the specific context of each programme.

The interview with one Latvian business association also highlights the importance of timing between various funding programmes:

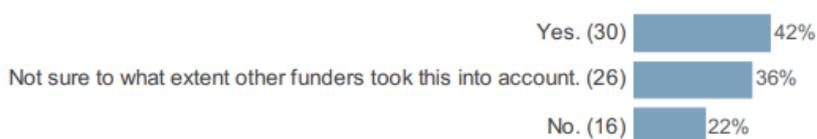
“There is also a gap between various programmes. Uncertainty regarding the programmes’ continuity is there.”

EEA/Norway Grants as a stepping stone and lever

At project level, the survey found that the **Business Innovation funding has occasionally drawn other sources of funding to projects and that the programmes have been considered as a stepping stone to larger (EU) funding programmes for some SMEs**. 34% of surveyed Project Promoters stated that they obtained other funding for their organisation and / or a specific project *after* receiving funding from the EEA/Norway Grants. 42% of those respondents stated that the Business Innovation grant had given them leverage in obtaining this additional funding.

Figure 4. Survey of PPs - Other funding

Has the EEA and Norway Grants funding given you leverage in obtaining other funding for your organisation and / or the specific project?



Source: Survey of Project Promoters (n=72)

Of those Project Promoters who stated that they had received other funding for their business or the project funded by the Grants, over half stated that they applied for EEA and Norway Grants funding because they thought it would put the business in a better position to apply for other grant or soft funding later.

The Project Promoters also shared the following feedback:

“The positive outcomes resulting from the grant's utilisation have positioned us favourably to seek support from other funders for the next stages of our business development. The grant's impact on our financial and operational aspects serves as a solid foundation for future funding opportunities and expanded business ventures.” (PP survey respondent, Croatia)

“The grant was actually quite crucial for our business, as we are an early-stage startup and this was/is our first big budget to spend on the development. The experience with the grant itself was so thoughtful, meaning that we are more confident to apply to more grants like this.” (PP survey respondent, Romania)

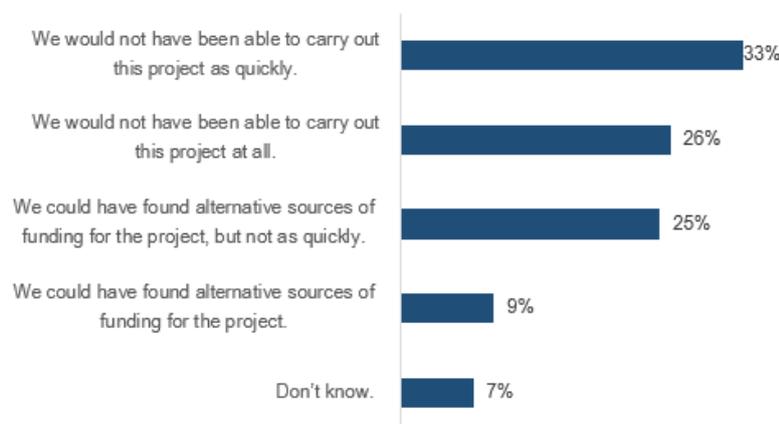
The evidence from the **fieldwork on the leverage effect points in the same direction, but is weaker as to whether the projects have experience with EU funds or plan to apply for them in future.** Those with experience of EU funds were primarily in Portugal and Romania. In terms of their next stage of funding, Project Promoters appeared to be focused on implementation of the EEA / Norway grants without having yet thought where it might lead.

The evidence collected through the POs/FOs interviews, Project Promoter survey and field visits also indicates **that the Business Innovation programmes have funded activities which would otherwise struggle to get funded** (see Figure 5). As discussed above, this is true of projects led by SMEs with lack of capacity or experience to pursue large funding schemes such as the EU's, which were almost universally seen in the fieldwork as being associated with a high administrative burden which also deters larger projects.

The evidence collected during the fieldwork also indicates that the Business Innovation programmes provide funding to projects which often focus on products or services which are still in the early stages of development (and thus which could be ineligible for funding under most EU programmes), whether this was the original intention of the programme design or not. The funding provided to experimental projects by the programmes is discussed in more detail in the answer to Evaluation Question 5 below. The view that the Grants fill a gap and that they are therefore synergistic with other sources was also supported in the Project Promoter survey, where a third of the respondents note that without the Grant, they would have not been able to carry out the project as quickly. A quarter stated that, without the Grant, they would have not been able to carry the project at all.

Figure 5. Survey of PP - Importance of EEA and Norway Grants funding

Would the project activity funded by the EEA and Norway Grants have happened without the funding you received?



Source: Survey of Project Promoters (n=212)

3.2 Efficiency

3.2.1 EQ3: “To what extent are the programmes fit for the current institutional and administrative capacities of the Programme Operators, Fund Operator (IN), and Project Promoters?”

Key Findings

The Business Innovation programmes fit the current institutional and administrative capacities of the POs/FOs and Project Promoters. There were a few exceptions. These resulted in delays in announcing results of calls and delays in contracting. There were delays in implementation at one PO where high personnel turnover created delays for some projects. The evaluation did not find any differences between the programmes implemented by POs and FOs in this respect.

The Beneficiary States’ regulatory frameworks were not an obstacle to the effective implementation of the programmes. Where projects reported regulatory delays, these fell into the category of normal changes to the business environment, such as changes in permitting/licensing procedures.

Uncertainty about the interpretation of State aid rules by Beneficiary States has created delays in a few cases. The evaluation did not find any differences between the programmes implemented by POs and FOs in this respect.

Administrative capacity occasionally challenged

The interviewed **POs/FOs all confirmed that they have the institutional and administrative capacity to deliver the programmes in a timely and efficient fashion.** This was also supported by the interviewed NFPs. The fact that the FOs in Greece and Romania have in-country offices has facilitated a hands-on approach and has ensured that the implementation of their programmes is running smoothly.

Reported difficulties in implementation pertained to **managing the additional workload when calls are launched and projects are being contracted**. These busy periods required additional resources, but the POs/FOs believe these were handled efficiently by POs/FOs. The POs/FOs note being aware of potential delays in opening the funding rounds and running the calls. These delays are not entirely unexpected. According to the Interviewed POs / FOs, some of them build in additional time in the call plan to minimise the potential impact of these bottlenecks on the timeline of the programmes. However, the open replies to the Project Promoter survey indicate that these delays in the selection procedures cause issues:

“[the selection procedure] was way too long. Caused significant delays.” (PP survey respondent, Poland)

“[the selection procedure] took a bit more time than expected, 11 months, some project costs changed meanwhile.” (PP survey respondent, Bulgaria)

“The only aspect to improve is the actual meeting of deadlines when it comes to evaluation. Because the evaluation has dragged on for several months, we have had to react to changes in the market, as well as negotiate with the technology provider.” (PP survey respondent, Poland)

“The initial deadline for selection was not complied with. We were told that we will receive an answer in October 2022, but we received the answer in December 2022.” (PP survey respondent, Romania)

There were also reports of high **turnover of personnel at one PO** which affected some Project Promoters but not all. This appears to have been a function of the project manager assigned to them, as other Project Promoters were very happy with their experience. There were also **occasional instances of Project Promoters feeling that the PO or FO lacked the requisite technical expertise**.

Project Case Study – Delays in dealing with one Programme Operator

One Project Promoter reported significant delays in the results of the call being announced (one year), followed by delays related to the signing of the contract. The process took so long that the company even considered abandoning the signing of the contract and thus the Project. Waiting too long to sign the contract also resulted in the need to update some of the Project Promoter’s documentation. Frequent changes of supervisors on the PO side (mainly at the contract signing stage) were also a problem for this company, generating delays. Once the changes of supervisor stopped, there was a significant acceleration of Project implementation.

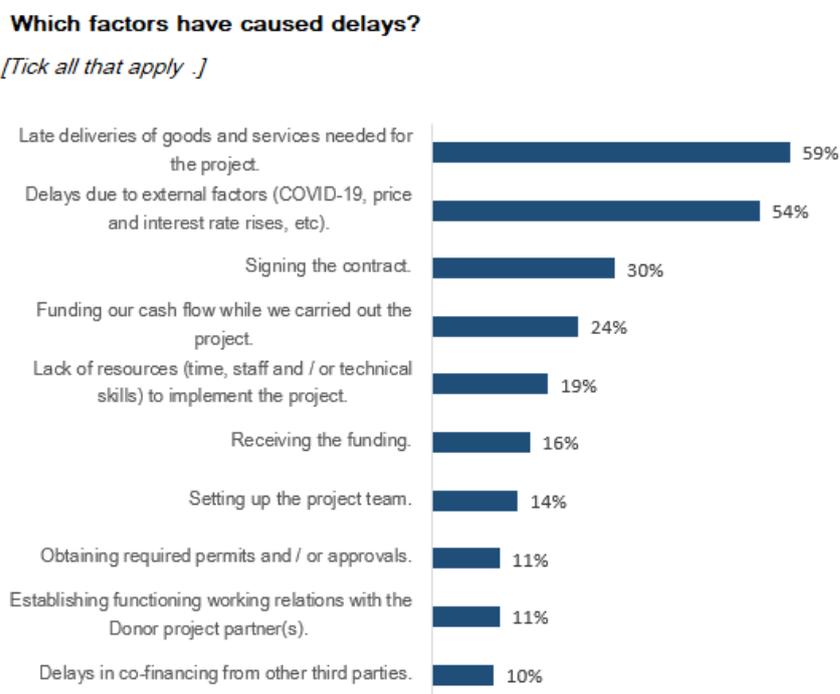
Personnel rotation was not a one-off problem with this PO. One other Project Promoter complained of long delays in contracting. Three other Project Promoters reported problems, notably with the project supervisor changing, in one time six times and in another three times before the situation stabilised and went well. One of these companies felt that the supervisors did not have the requisite technical knowledge. Two companies reported difficulties with the procurement unit and felt they should have been able to communicate directly with the unit and not through the supervisor. However, three companies reported very positive experiences with their project supervisors at the same PO.

The results of the surveys of **Project Promoters and Donor project partners also indicate that a majority of them have sufficient time, human resources** (over 85% state this to a very great or great extent) and technical skills (over 90% state this to a very great or great extent) **to make full use of the funding**. Most felt they would have sufficient time to complete their project irrespective of delays – for whatever reason (over 70% state this to a very great or great extent). **Projects Promoters also incur delays** – minor or moderate delays were reported by 70% of surveyed Project Promoters and by 63% of surveyed Donor project partners. In most cases, the projects were delayed by less than six months.

Factors hindering efficiency

As shown in Figure 5, the top **two reasons for delays** incurred by projects cited in the two surveys were the **late deliveries of goods or services needed for the project and external factors** (such as COVID-19, price and interest rate increases, etc.).

Figure 6. Survey of PPs - Reasons for delays



Source: Survey of Project Promoters (n=212)

This means that the **circumstances hampering the implementation of the programmes are largely external and outside the control of POs/FOs and Project Promoters** and are thus **unrelated to their institutional and administrative adequacy**.

There was **no evidence that the regulatory framework of the Beneficiary States has been an obstacle to the effective implementation of the programmes**. Some Project Promoters were affected by regulatory changes or problems, but there is no evidence that these were unreasonable as opposed to being one of the normal challenges of doing business. However, it is hard to say whether some Project Promoters might not have been able better to foresee these with greater administrative capacity.

The evaluators identified difficulties in the application of state aid rules by Beneficiary States, but this did not come across as a major concern. In most cases discussed during the interviews and field visits, Project Promoters did not have the experience or expertise to differentiate between these and other regulatory requirements, which they often rely on specialist consultants to handle for them. Where there were problems, POs/FOs often supported these businesses and provided guidance working towards a solution, but as shown in the project case study below, the PO were not always able to address the issue in a timely fashion.

Project Case Study – State aid rules

The Project Promoter of one project explained how their plans were derailed by difficulties related to the way State aid rules are applied in their country. The company had thought they needed specific experts during the project, but it turned out they were not required when implementing the project. However, State aid rules meant they could not make transfers between budget lines. This complicated implementation of the project. Clinical trials were delayed due to an unforeseen need to hire additional geneticists which could not be met because of these limitations. The company reported going back and forth with the Programme Operator for months in an attempt to get a clear ruling on what was permitted.

Two other examples of difficulties are referenced in GR-INNOVATION's 2022 APR. Firstly, the FO notes that the success of their calls within the focus area of Blue Growth was affected by the strict State aid Regulations for investments in shipping, aquaculture, algae production, etc. Secondly, the FO stated that the lack of awareness of Greek companies on how State aid rules work in practice contributed to some finding the programme complex and constricting. The low level of knowledge of applicants about, and understanding of how to apply, State aid rules relevant for the programme is included as a low risk in the risk assessment annex to the APR 2022. In their interview for the evaluation, the FO of GR-INNOVATION highlighted that State aid rules were still causing delays in programme implementation but that they support applicants in correcting mistakes as per their planned response in the risk management framework annexed to the APR.

3.2.2 EQ4: *“To what extent are Donor Programme Partners (DPPs) able to support and influence programme development and implementation?”*

Key Findings

The **Donor Programme Partners provided meaningful contributions to the design stages of the programmes**. This was particularly true during the preparation of the Concept Notes.

Donor Programme Partners fulfilled their role of supporting the implementation of the programmes. They engaged effectively with the development and operationalisation of calls, by providing input on the content and guidance to the POs.

The **added value of Donor Programme Partners, and Innovation Norway in particular, is most palpable in the context of bilateral cooperation where they support the formation of bilateral partnerships**. In problematic situations between the Donor project partner and the Project Promoter, Donor Programme Partners often **act as mediators**.

There is scope for Donor Programme Partners to provide more consistent support to Donor project partners and oversee their contribution to projects outside problematic situations. Donor project partners require support in the operationalisation of bilateral partnerships. They do not always understand the commitment and role required of them.

The **administrative burden on Donor project partners** in bilateral partnerships **sometimes contributes to their decision to abandon the cooperation or reduce the quality of their engagement**. The field visit and surveys provided several examples of instances where this happened.

The role of Donor Programme Partners

As per the Grants Regulation, the **Donor Programme Partners advise on the preparation and implementation of a programme, and participate in its implementation**. There is a consensus that Donor Programme Partners add value to the programmes. Their role is twofold: (i) be an advisor in the programme, as they are selected for their experience in a specific field, to advise and contribute to programme quality, but also in the development of calls and selection of projects, and (ii) to promote bilateral cooperation. They are **considered invaluable by less experienced Programme Operators as they can shed light on Donor state policies and priorities and dispensing essential technical knowledge**.

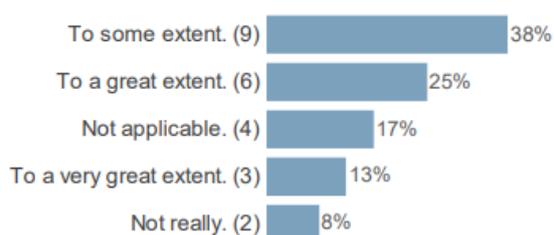
The evaluators find that, in practice, **Donor Programme Partners have been fulfilling this role successfully in the Business Innovation programmes**. NFPs and POs confirmed that Donor Programme Partners were involved from the drafting stages of the Concept Notes. They considered Donor Programme Partners to be experts in the relevant policy areas and noted that they assisted in stakeholder consultations held in Donor States (Bergen, Reykjavik in December 2016 and Oslo in February 2017, Norway in March 2017, reported by the Slovak NFP). In addition, Donor Programme

Partners are members of the Cooperation Committees and contribute within this. **During programme implementation, Donor Programme Partners have provided advice on the technical parameters of calls**, such as the selection criteria and conditions for applications, **and addressed challenges arising in the context of bilateral partnerships**. NFP and PO interviewees note that Donor Programme Partners show a good level of knowledge of the Beneficiary States' private sector and their needs.

The surveyed **Donor project partners** indicated that they **are satisfied overall with the support provided by the Donor Programme Partner** when they experienced challenges in project implementation, though only 13% felt supported to a great extent by the latter, which indicates that **there is scope for improvement**.

Figure 7. Survey of Donor project partners - Donor Programme Partner support

To what extent have you felt supported by the Donor Programme Partner when you experienced challenges in project implementation?



Source: Survey of Donor project partners (n=24)

The open responses to the survey and interviews with NFPs and POs/FOs did not provide detailed **feedback on the support provided by Donor Programme Partners to the Donor project partners outside of the mediation they can provide in situations of disagreement between Project Promoters and Donor project partners**. During the interviews, the Donor Programme Partners could not confirm the existence of mechanisms for proactive and systematic assessment of quality and contribution of the Donor project partners. The possible lack of engagement of Donor Programme Partners and Donor project partners could be affecting the level of involvement and the quality of the contribution the latter can provide to projects with a bilateral dimension.

The contribution to bilateral partnerships

The **active involvement of Donor Programme Partners in the context of the Business Innovation Programmes is most valuable in the context of bilateral partnerships**. Examples reported by POs and NFPs note that the Donor Programme Partners contributed specifically to facilitating bilateral partnerships (matchmaking) and actively informed relevant entities about bilateral partnership opportunities in the programmes. During the implementation of the programmes, Donor Programme Partners play a key role in matchmaking and continuously identify mutual spheres of cooperation between Beneficiary and Donor States. The contribution of Innovation Norway in particular is considered in the answer to Evaluation Question 10 (section 3.4.1). The matchmaking events, and Innovation Norway's contribution, were considered successful and conducive to the formation of good bilateral partnerships.

The field visit and surveys provided several examples of instances where the **Donor project partners in bilateral partnerships found the administrative burden of programme participation excessive**, specifically the administrative requirements of setting up a bilateral project such as documents to be provided. The evaluators believe that, sometimes, this can contribute to their decision to abandon the cooperation or reduce the quality of their engagement. where bilateral partnerships fall apart because of bureaucracy-related issues or misunderstandings. The recent Evaluation of bilateral cooperation in the Grants²⁸ concluded that *“Donor Programme Partners have a key role in bilateral cooperation at the programme level and in facilitating cooperation at the project level. However, their roles and engagement vary.”* While it does not expressly mention any shortcomings in the support that Donor

²⁸ [Evaluation of bilateral cooperation draft final report \(eeagrants.org\)](https://eeagrants.org/)

Programme Partners give to Donor project partners, this conclusion provides an opportunity to refine this support as part of any future overhaul of the Donor Programme Partners' role.

3.2.3 EQ5: "To what extent are the Grants accessible to different types of businesses (particularly SMEs) and are feasible to implement?"

Key Findings

The evaluation found that the **Business Innovation programmes are successfully attracting SMEs**, in a context where they feel there are few funding sources available to them, and that the programmes are accessible, i.e. the requirements are not a barrier.

Supporting businesses of low technological maturity is not a barrier to achieving high levels of technological readiness. The programmes have successfully accelerated the development of businesses' products or services. This was also evident for start-ups. The Business Innovation programmes do not formally use the Technology Readiness Levels (TRL) framework, but it was expected that the products and services supported would have an entry level above 5 "technology validated in relevant environment". The evaluators found that a significant number started at a lower TRL than 5, but achieved quantum leaps to TRL 7, 8 or 9 with support of the Grants. The evaluators believe that **use of the TRL, even as an indication rather than a firm requirement, has not made a significant contribution** to the results of the programmes.

Beneficiary SMEs, including micro-enterprises and start-ups, **find the conditions related to the application, selection and implementation phases** of projects funded under the programmes **straightforward**. Where they have knowledge of EU funds, beneficiary businesses **compare EEA/Norway grants favourably with those funds in terms of procedures**. SMEs did not indicate having any particular struggles. This indicates that **implementing a Business Innovation programme project is feasible for SMEs**.

The **evidence does not support inclusion of new modalities of non-grant funding on soft terms**, as the beneficiary enterprises show limited interest in such funding and do not consider it more advantageous than the grant system. Non-grant funding on soft terms would also limit bilateral cooperation and unnecessarily complicate programme implementation.

Accessibility for different types of businesses

The interviews with POs, NFPs highlighted the **difficulties SMEs in particular face when accessing funding opportunities** (particularly start-ups and micro-enterprises). This relates to the challenges in the capacity of smaller businesses to successfully bid for and obtain funding from larger (EU) programmes, as well as the thresholds adopted by some funding programmes, such as the requirement for the technology used by the business to have reached a certain level of maturity. For instance, the European Innovation Council requires the system component and/or process to have been validated in a relevant environment, corresponding to Technology Readiness Level 5.

These challenges were also mentioned during the focus groups with business associations, the field visits and reported in the review of the private sectors and funding landscapes, and already noted in the answer to Evaluation Question 2 above:

"It is challenging for a medium-sized company in Estonia to get funding by themselves. The main barriers are bureaucracy and TRL. Estonia lacks high-level knowledge to do R&D on a high level as the knowledge level is thin, and companies do not have enough money to develop their IP portfolio. Technology transfer funding to support R&D and add experts needs to be improved." (Focus group with business associations in Estonia)

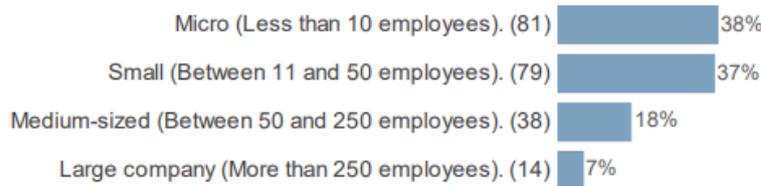
"[There are] not many [funding] opportunities, especially for micro enterprises, many SMEs turn to banks for support." (Interview with business association in Romania)

The survey of Project Promoters indicated that **the programmes are successfully reaching micro and small enterprises**, as these were representative of a majority of respondents (38% of Project

Promoters were micro enterprises (fewer than 10 employees); 37% were small enterprises (between 11 and 50 employees) and 25% were either medium-sized or large (see Figure 7). Based on these results, we consider the survey responses to be representative of the views of SMEs on the programmes and their participation in them.

Figure 8. Survey of PPs – Size of enterprise

What is the size of your enterprise?



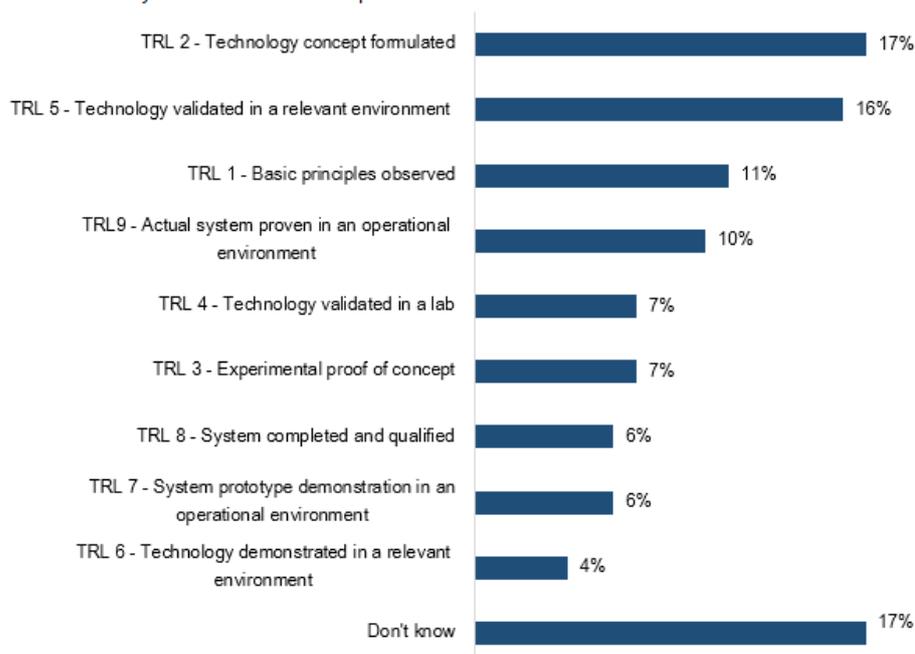
Source: Survey of Project Promoters (n=212)

Determining access by Technology Readiness Level

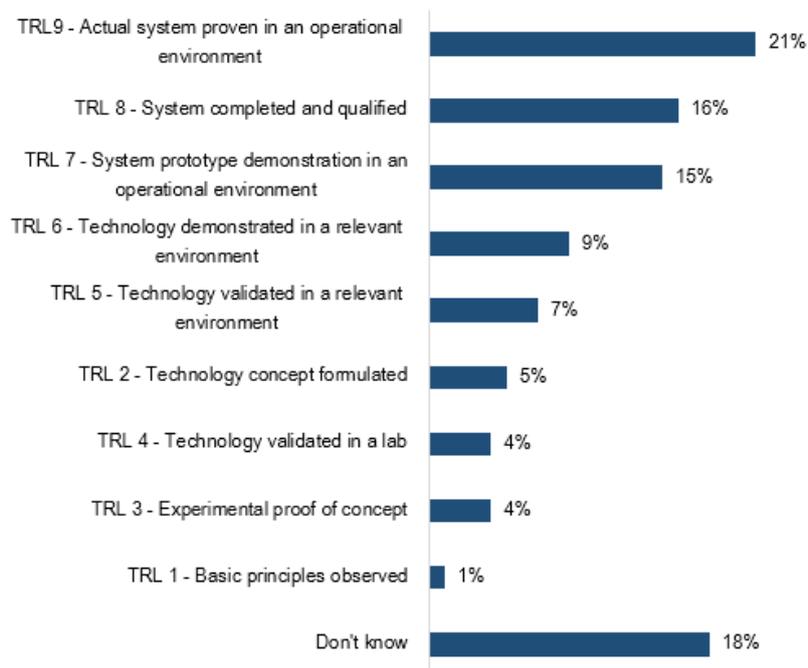
One measure of the type of business funded is the Technology Readiness Level. As a general rule, projects funded through the Business Innovation programmes must be at Technology Readiness Level (TRL) 5-8. This means that the technology has either been validated or demonstrated in a relevant environment. However, the terminology has not been formally embedded in the Innovation programmes. As a result, while the Business Innovation programmes are committed to supporting projects with a TRL of 5 and above, the evidence collected through the Project Promoter survey and the field visits indicates that, in practice, the projects funded are often at a lower level of technological maturity. As shown in Figure 8, according to the Project Promoters, **42% of the projects represented in the survey funded products or services with a TRL of 4 or below.**

Figure 9. Survey of PPs - TRL then and now

What was the Technology Readiness Level of your product or service **before** you received funding from the EEA and Norway Grants for its development?



What is the Technology Readiness Level of the product or service for which you received funding from the EEA and Norway Grants **now**?



Source: Survey of Project Promoters (n=212)

However, **only 13% of the projects or services featured in the Project Promoter survey reported a TRL lower than 5 after receiving the funding from the Grants.** Overall, 64% of these projects reached a TRL of 6 and above according to the Project promoter survey. In the field visits, the beneficiary enterprises almost consistently consider that their involvement in the programme has improved the TRL of their product or service even when the starting level was below TRL 5 (see Box). Several reported significant leaps up the TRL scale from low starting points.

Project Case Studies – Quantum leaps in TRL level

Project LV-INNOVATION-0015 (Introduction of a new cloud computing service to expand data analytics capabilities of IoT sensors and ensure continuity of service), had a starting point of TRL 1 to 2 in early 2022. The Project Promoter reported being at TRL 7 in the autumn of 2023 and expects the product will reach TRL 9 at project completion by the end of 2023.

This project was a success story in other ways. On the one hand, equipment with a significantly lower energy consumption will be used to provide the service. On the other, they have found a customer in Norway through their Norwegian partner. A downside: having to absorb the cost of Norwegian-level salaries in the project and carry out all the paperwork on behalf of the Norwegian partners in order to cut costs.

Project EE-INNOVATION-0059 (Roofit.Solar process innovation for developing software and automated production line) aims to expand and automate production of roofing materials, as well as develop software to support this so that roofs could be planned and designed more easily. The product ultimately contributes to the reduction of CO2 emissions. The grant has contributed to expanding the company's portfolio and improving its existing product/service and allowed the company to enter new markets, as well as expand its operations in existing markets. The software went from TRL 1 in early 2020 to TRL 9 in 2023 and the production automation from TRL 6 in early 2020 to TRL 9 in 2023.

While it was small in relation to the company's needs, this grant helped the company with automation and digitisation, so also contributed to increasing the financial viability of the company and its

environmental sustainability objectives. The efficiency of the process improved through increased automation which has reduced the company's environmental footprint.

However, **there is no clear pattern**. The TRL is a non-linear scale, on which progress is easier in the earlier stages of technological maturity. In our sample, some projects moved several places up the scale, some moved completely up the scale as the Box above shows. Where equipment was purchased, one case covered in the fieldwork started and remained at the highest level of the TRL scale (9). However, that masks the fact that it was able to achieve a significant improvement in its environmental sustainability by greening its operations as explained in the Box below.

Project Case Study –TRL unchanged

Project PL-INNOVATION-0095 (Implementation of an ecological process for the production of wooden floors as a way to increase the competitiveness of the company) focussed on providing funding for investment in fixed assets, investment related to the production of electricity from renewable energy sources, in standardisation and certification research.

The starting TRL of the project was at level 9 and (logically) remained the same. The project enabled the innovative integration of new production functions into an existing and functioning plant. The main result of the project is the creation of a Green Factory – as the process has been called, the greening of operations.

This was achieved by reducing material and energy consumption in production by purchasing a photovoltaic installation, electric forklifts, etc. The second success is the production of ecological pellets from sawdust / wood offcuts that were previously unused. The third aspect relates to waste reduction. Before the project, a large part of the wooden formats used were treated as waste. Thanks to the implementation of the project, the Promoter has precision machinery that reduces waste. This allows smaller pieces of material to be used to make a full-value product. In addition, what was once waste can, thanks to the implementation of the project, be used to produce flooring. The result it to make the company more competitive.

It is important to note that **some 16% of the respondents to the Project Promoter survey did not know the TRL of their product or service, before and / or following funding**. This lack of knowledge also emerged in the fieldwork, i.e. the concept of technological maturity as conceived in the TRL framework is not understood by all beneficiaries. In all cases, the answers are based on self-assessment so it is difficult to compare the changes in TRL reported by different businesses for different products or services. The limited awareness of the TRL framework as a marker of technological maturity was also noted by the participants in the focus group with Polish business associations, who noted that *“the TRL 1-9 scale itself is not understood.”* The evaluators believe that use of the TRL, even as an indication rather than a firm requirement, has not made a significant contribution to the results of the Programme.

While programmes aimed to prioritise Project Promoters with products and services in the later stages of development, in practice they are nevertheless funding a considerable number of relatively experimental technologies and **successfully accelerating the development of products or services which are still in the early stages**, and start-ups. The answer to Evaluation Question 2 also suggests that this could fulfil a gap in funding for enterprises with products or services of a TRL below 5 which would be ineligible in many EU funding programmes which require a base-level of maturity of TRL 5 and above. This view was confirmed in the focus group with Estonian business association which note that *“[when looking for funding in Estonia] TRL constraints are a problem. It may be a problem for both start-ups and traditional companies.”*

Feasibility

Projects funded through the programmes are feasible to implement for SMEs. A majority of surveyed Project Promoters considered the **amount of funding and conditions of the grant as**

attractive and were **positive about the call and selection processes**, as indicated by the following response rates:

- Over 70% found the amount of funding and conditions of the Grant very attractive to a great extent or a very great extent;
- Over 80% found the call text and proposal form clear and easy to understand to a great extent or a very great extent;
- Some 75% found the process for developing and submitting a proposal straightforward to a great extent or a very great extent; and
- Some 75% found the amount of time allowed to prepare bids/the deadline as appropriate straightforward to a great extent or a very great extent.

The evaluation team filtered and reviewed the open replies provided by Project Promoters from micro-enterprises (with less than 10 employees) on the way different aspects of the programme could be improved. The feedback was uneven, as **many respondents commended the processes within the Business Innovation programmes straightforward but others found them burdensome**. A trend among a minority in this category was to highlight the complexity and administrative burden caused by financial reporting: *“Financial reporting was very, very complicated.”*; *“complex and often illogical. Unprepared for today’s world, which is full of changes.”*

The ability to cope with the requirements of financial reporting highly depends on the individual companies’ experience of receiving public funds and / or their capacity to understand and comply with the requests in a timely fashion. While the evaluators cannot make assumptions for the specific circumstances in each individual case, there are several examples of businesses which found the documentation of expenses burdensome or which struggled with the number of requests related to financial reporting. However, as many other beneficiaries highlighted the financial reporting as clear and efficient, the evaluators conclude that **this is not a major issue affecting programme implementation**.

The **challenges of working with partners from other countries** were also noted by one Project Promoter:

“Need to clarify the kind of documents needed for the reports and also the degree and level of bureaucracy should be reduced in the validation of the expenses. When the consortium consists of different countries, special attention should be paid to the documents requested in these reports, as different countries have different realities and often an official document in a country do not have an equivalent in the other.” (PP survey respondent, Portugal)

The fieldwork also revealed instances in which things had not gone to plan in relation to the administrative side of the Business Innovation programmes, as indicated in the quote below sourced from a project field visit in Estonia:

“The procedural/administrative side of the project implementation has been tricky. [Project Promoters] understand that reporting needs to be thorough, but there is a feeling that, as a beneficiary, the requirements have become very strict. For example, the applicant must go to extreme lengths to prove the eligibility of costs and answer many questions to convince the processor that certain things are necessary for the project. There are multiple checks and justifications to switch between budget lines. The Project Promoter gives the example of a current dispute over exchange rates. The most strained area of reporting is cost reporting, including labour costs.”

No case for moving to financial instruments

The feedback collected from the programme actors **does not indicate that there is an immediate need to introduce financial instruments** such as venture capital (equity), soft loans and guarantees to the programme funding structure. Non-grant funding on soft terms was discussed with NFPs, POs/FOs and Donor Programme Partners, and was largely thought of as a **change which would not add value to the programmes** at this stage. As shown in the following excerpt from the Concept Note of EE-INNOVATION, in this case the possibility to use financial instruments in the programme was considered during the design stage of the programmes. However, stakeholder consultations concluded that programme implementation through grant schemes has several advantages over the financial instruments: *“under the existing rules of implementation of the Norwegian Financial Mechanism it is not*

allowed to revolve the funds which leaves the project implementation time too short [and] the possibilities for bilateral cooperation between Estonia and Norway would be rather limited." The use of financial instruments was not retained as a programme modality.

A small number of stakeholders evoked the **advantages offered by loan guarantees** as enabling enterprises to progress "on their own terms", but this view was not widely supported. In the focus group with Polish business associations, the introduction of repayable instruments "*in the [EU's] 2021-2027 programming period, [resulted in] no possibility to obtain a non-repayable grant; and the flexible repayable and non-financial instruments which have emerged*" are seen as a barrier to the development of innovation in Poland. Moreover, there is **limited interest from beneficiaries in non-grant funding on soft terms**, e.g. interest rate rebates, loan guarantees, equity (only 6% of Project Promoter survey respondents would have definitely applied if such was available in programme at the expense of grants; 34% were not interested in such funding from other sources). Similar sentiment emerged in the fieldwork.

3.3 Effectiveness

3.3.1 EQ6: "*Given the current status of implementation and the time remaining, how likely are the programmes to achieve their planned results, taking into account special concerns?*"

Key Findings

The evaluation found that, with six months remaining for project implementation at the time of writing, it was likely that **most of the projects implemented within the Business Innovation programmes will achieve their planned results**. The review of the results frameworks of the Business Innovation programmes in the selected Beneficiary States suggested that progress has been made across some results indicators, but much remained to be achieved on others. However, the results frameworks are not a good guide to the achievements expected at the close of the programmes because many projects report most of their results on completion and, at the time of writing, a significant number of projects were still being implemented. The results frameworks also do not include projects contracted since the last reporting cycle.

As projects are likely to achieve their results, **the programmes can also be expected to achieve most of the results set out in their Outcome and Output statements**.

The special concerns outlined in the MoUs were taken into account in programme design. They were also successfully embedded in implementation by including a Predefined project on a specific topic (Estonia) or relevant Outcome and Output indicators (i.e. encourage cooperation between research institutions and SMEs (Portugal) or funding female enterprises (Poland) etc.). The evidence did not identify any specific challenges related to their articulation in practice.

Status of implementation at programme level

As shown in the table below, with six months left for project implementation at the time of writing of this report, a significant amount of funds remained to be disbursed and spent across all selected Beneficiary States. However, **it is the rate of contracted funds which provides the most accurate picture of the expected final results within the programmes**. This is because more funds are likely to have been spent by beneficiaries than the data suggest as many do not claim the reimbursement for expenditure until late in the contract duration. In addition, there can be a time lag in entering the project level information into GrACE. The lowest contracted rate was 83% in Greece at the time of writing, which suggests a **good outcome for the programmes overall**. The feedback collected from **POs/FOs and NFPs also confirmed that most planned programme results will be achieved** in the Beneficiary States selected for an in-depth assessment.

Table 2. Programme progress in selected Beneficiary States

Beneficiary State	Number of months remaining for project implementation as of 13.10.2023	Contracted rate	Disbursed rate	Incurred rate
Estonia	6	100.16%	68.54 %	51.77%
Greece	6	83.28%	57.47 %	31.51 %
Latvia	6	89.28%	20.20 %	37.00 %
Poland	6	85.14%	57.85 %	23.10%
Portugal	6	99.79%	70.81 %	34.72 %
Romania	6	92.20%	72.78 %	39.04 %

Source: Evaluation team analysis of data on GrACE.

Annex VI includes a table which provides an overview of the progress achieved on Outcome and Output indicators in the six Beneficiary States selected for an in-depth assessment, based on a review of the individual results frameworks for those Business Innovation programmes. Based on this review, the evaluators conclude that **progress has been made across some results indicators, but much remains to be achieved on others**. However, some of the data presented in the table relies on reporting on Outputs and Outcomes based on the Annual Programme Reports for 2022. The APR 2022 reports the data/results for the year 2022, but is submitted in February 2023 and approved around March/April 2023. In the meantime, further progress is likely to have been achieved. The state of completion of projects under the Business Innovation programmes is shown in Table 3, which clearly indicates the large number of projects still being implemented.

At this stage, **the data is not available for the full range of indicators in the selected Beneficiary States**, e.g. many programmes do not have data because **they will only be reported on at project completion**. Other projects have also been contracted since the last reporting cycle. Thus, the results frameworks were not at the time of this study a good guide to the achievements expected at the close of the programmes.

Table 3. Completed projects as of November 2023

PROJECT CONTRACT STATUS				
PROGRAMME SHORT NAME	Completed	Partially completed	Signed	Total Count of Project code
BG-INNOVATION	4	0	96	100
EE-INNOVATION	53	1	42	96
GR-INNOVATION	9	0	44	53
HR-INNOVATION	5	0	59	64
LT-INNOVATION	4	0	26	30
LV-INNOVATION	4	0	41	45
PL-INNOVATION	41	0	134	175
PT-INNOVATION	0	0	117	117
RO-INNOVATION	25	0	68	93
SK-INNOVATION	0	0	36	36
Grand Total	145	1	663	809

Source: FMO Analysis of data on GrACE.

Looking at the pure metrics at this stage therefore does not do justice to the **success stories which have emerged thanks to the funding provided by the Business Innovation programmes**, which abound in the field visit reports and in the open replies to the Project Promoter survey. Likewise, and in contrast with these numbers, the **interviewed POs and Innovation Norway as Fund Operator seem satisfied with the progress made so far and trust that most of the planned results can be achieved** by the end of the programme.

Project Case Studies – Success stories

A new Tech Business Centre in Latvia

This **Pre-defined Project** was developed with the aim of establishing a new platform to support and grow entrepreneurial skills, knowledge and innovative thinking in Latvian tech intensive SMEs. Led by three Latvian partner universities, Tech Business Centre team seeks to build partnerships by bringing together leading universities, risk capital representatives, government and corporates.

The grant is supporting the development of prototypes in the focus areas Green Industry Innovation, ICT and Welfare technology. The beneficiaries do not receive any funding as grants but as services provided by the Centre. The beneficiaries do not have to pay for the services and all the expenses a beneficiary will have for business training, prototyping, mentoring etc. The Project Promoter reported that they first launched an open call for prototype projects for which they had 15 slots and received 28 applications, with some products starting at TRL 1. For the second call, the competition increased and for the same 15 slots, they received 73 applications for products with a TRL of 4 and above. The project was at the time of the field work soon to be starting a business incubation programme and the prototypes which have achieved TRL7 and TRL8 will receive a grant of EUR 70,000 plus mentorship and other benefits. As per the Annual Programme Report for 2022, over 500 beneficiaries (of which 271 women) had received business training via the Centre. The project was on track to achieve the creation of a platform which will serve as the basis for further knowledge and experience transfer, act as a business incubator and promote regional innovation.

A project completed ahead of deadline in Poland

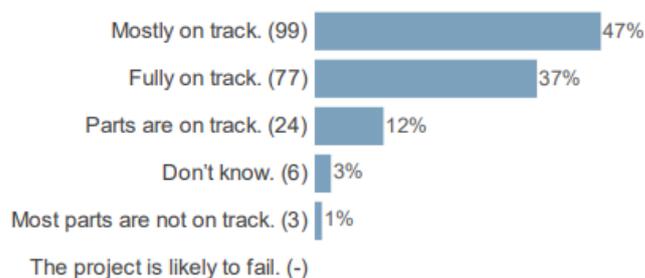
Project PL-INNOVATION-0035 (Implementation of innovative solutions in manufactured machines by introducing a new technological process of cutting and bending machine components) was completed ahead of time and within six months. The Business Innovation programme grant funded the purchase and installation of a photovoltaic system on the roof of the production facility building and the installation of a heat pump. This made it possible to reduce electricity costs, and the heat pump eliminated the need to heat the premises in spring and autumn using conventional heating (an eco-pea cooker). Furthermore, the project funded the thermo-modernisation of the production hall, which has reduced CO2 emissions into the atmosphere.

Status of implementation at project level

At project level, the majority of surveyed **Project Promoters and Donor project partners report being mostly on track to achieve their planned results**, which suggests that **it is likely a satisfactory result will be achieved at programme level**. There are some **exceptions to the successful implementation of projects** funded by the Business Innovation programmes. The reasons why projects may not achieve their results vary widely. Some illustrative examples are included in the Box in the answer to Evaluation Question 7.

Figure 10. Survey of PPs - Achievement of results

To what extent is your project on track to achieve its planned results?



Source: Survey of Project Promoters (n=212)

Use of special concerns

The desk research confirmed that **the special concerns outlined in the MoUs have duly been taken into account in the programmes' design. They were also successfully embedded in implementation.** For example in Estonia, the special concerns were to include a pre-defined project on cyber security innovation and research and to explore the possibility for the use of financial instruments. Both were addressed. Project EE-INNOVATION-0001 (Open Cyber Range (OCR)), creating a virtual environment that is used for cybersecurity training and cybertechnology development, was funded through EE-INNOVATION, while the Concept Note explains why financial instruments will not be used in the programme.

In Portugal, one of the special concerns was for PT-INNOVATION to encourage cooperation between research institutions and SMEs in order to facilitate commercialisation of innovative ideas, products and processes. As per the Annual Programme Report for 2022, all targets corresponding to the four indicators of Output 1.4: Increased cooperation between enterprises and research institutions had been achieved, notably the number of SMEs supported to cooperate with Portuguese research institutions and Donor State research institutions both comfortably exceeding the foreseen target.

In Poland, one of the special concerns was the inclusion of a Small Grant Scheme targeting female entrepreneurs, which materialised as Call 4, with a total grant amount awarded of EUR 7.2 million to female enterprises. As per the Annual Programme Report for 2022, two of the four targets for Output 1.4: Female enterprises supported in the programme focus areas (green industry innovation, blue growth, welfare technologies) had been achieved, notably 35 female enterprises had been supported to develop new product/technologies processes/solutions. The interviews with the institutional actors of the Business Programmes **did not uncover any specific challenges experienced in the articulation of the measures addressing special concerns in practice.**

3.3.2 EQ7: "Which factors are particularly affecting the achievement or non-achievement of the planned results?"

Key Findings

The main factors which adversely affected the achievement of results in the Business Innovation programmes so far are unforeseeable challenges (e.g. COVID-19, the Russian invasion of Ukraine, and supply chain or labour supply issues, and price and interest rate rises as a result of these or other factors). The POs/FOs satisfactorily granted **extensions to projects to mitigate the effects of external challenges**. These project extensions were still within the eligibility period for the financial mechanism.

There were **internal challenges which also affected the achievement of planned results, but to a lesser degree**. The most significant internal challenges were:

- Occasionally protracted **contracting** processes;
- Rules which prevent or limit **moving funding between budget lines and partners in a given project**;
- Difficulties in the **absorption of the entire funding** envelope allocated to the projects (due to the underestimation of costs or lack of buffer funds to cope with price rises for some beneficiary businesses) and programmes (due to difficulties in disseminating all the funding allocated to certain programme, which required the organisation of additional calls); and ;
- A minority of **projects being too experimental** to demonstrate visible results at this stage.

The POs/FOs adopted **adequate mitigation strategies to alleviate the adverse effect of other internal factors** when it was possible. The evaluation did not find any differences between the programmes implemented by POs and FOs in this respect.

There were **challenges related to the administrative requirements** in some instances. We have noted the comments on financial reporting elsewhere. This is often mitigated by the use of consultancy services by the applicants in the implementation of their proposals. While the use of consultancy services may limit the capacity-building benefits for companies, it can increase the quality of the implementation – as it does the quality of responses to calls, as these companies also often rely on the specialist expertise of consultants to assist them in applying for funding.

The fact that some bilateral partnerships were less successful than others in generating benefits for both the Donor and Beneficiary State businesses **did not have a significant impact** at programme level, because they were a minority.

Challenges to achieving planned results

A number of **challenges** to achieving planned results were mentioned during the interviews. These were **both external and internal** and **put at risk the achievement of the objectives set out** at the beginning of the programmes. For example, due to the cost of resources, some products that companies had initially planned turned out to be uncompetitive in the market, or the company could not fully execute the development of the product. The **adverse effects of State aid rules and procedures**, which are discussed in more detail in the answer to Evaluation Question 3, were also considered detrimental to the achievement of results. The evidence supports a conclusion that **the challenges with the greatest impact to the achievement of results were, however, not necessarily foreseeable**. We discuss these external factors, e.g. COVID-19 and inflation, first below before looking at those inherent to the Programme, e.g. contracting delays

External challenges

The most **common causes that emerged in the fieldwork were COVID-19 (leading to disruption in operations or supplies) and inflation**, and to a lesser extent the direct effect of **the Russian aggression in Ukraine**. Companies working with Russia were more specific cases (see Box for examples of the impact of rising prices and adapting when having previously worked with Russia). There were also instances of companies not being able to find suppliers to tender at the right price.

Problems as a result of COVID-19 were fairly general. This quote from a Portuguese Project Promoter responding to the survey is representative:

“The finances of SMEs have been hit hard by the COVID-19 pandemic, affecting their financial availability for larger investments and consequently causing some delays. Since the aim of the project is to include external entities in the scale-up and validation of the solution, negotiations with them can take longer than expected, and they may also have requirements in terms of volumes/quantities that had not been foreseen.”

Project Case Study – External factors causing delays to project implementation

COVID-19 was one of the reasons the company implementing project EE-INNOVATION-0049 (Development of a marine-certified ultracapacitor modules). The project required a large amount of testing to be done at labs, which was difficult during COVID-19, when it could only have fewer people at the labs due to safety regulations and wanting to keep the staff safe. Hence, the testing process was delayed. (The extension process was straightforward, and the communication with the Estonian Programme Operator was good.)

Inflation resulting from COVID-19 and Russian aggression in Ukraine were both reported by the company implementing GR-INNOVATION-0007 (Implementing an innovative technology to remediate hazardous waste). The project involved putting up a new building and the construction costs was higher than had been anticipated, or that in their view could have been anticipated. They regretted that there was no provision for adjusting the funding to inflation.

In project EE-INNOVATION-0058 (Precision forestry platform for logistics optimisation), the Project promoter also faced some challenges due to COVID-19, but in particular suffered the effects of the Russian aggression in Ukraine. The company had to end its commercial relationship with all Russian clients and exited the market, affecting some 20% of its revenue was from Russia. This unbalanced the numbers in the reporting. The company handled this challenge by focusing on other markets, making up for the lost time/revenue.

In project PL-INNOVATION-0101, contracting delays were compounded an indirect effect of the Russian aggression in Ukraine, i.e. shortages of Ukrainian workers in construction companies and difficulties in the availability of construction materials (e.g. concrete). This resulted in an extended project implementation time, but the issues had stabilised by October 2023.

A minority of projects in the fieldwork appeared to have uncertain outcomes as a result of **not yet having found a market for their product or service or not having the financial resources to invest** in sales and marketing (which raises questions about the quality of the business plans submitted with their Grant applications).

Project Case Studies – When projects struggle

One company (and not the only one) simply underestimated the money it would need. It needed to bring in additional investors to complete the product development. However, while the company is very happy with the result of the product development and the associated major leap forward in efficiency and in have gone from TRL 3 to TRL 6-7, it has had to lay off the six employees funded by the EEA / Norway grant for the product development because it does not have the money to market the product to potential buyers. It describes itself as currently “on a pivot”.

One company that has not been able to get the equipment that it needs at the right price conceded that there is a real risk that the project will not be completed in time, despite two contract extensions amounting to a total of 20 months. The technology is specialised and there are few suppliers. These suppliers have increased their prices beyond what had been budgeted for, increases the company believes are in part an attempt in a supplier’s market to offset the losses made during the pandemic. The owners had tendered for the equipment three times. The first time, there were no bids that fell within the project budget. When he re-tendered, the price was acceptable for only one of the three parts of the requirements. A third tender for the other two parts also had to be cancelled. The company was hoping at the time of the fieldwork to obtain permission from the PO to obtain the machinery in sole-source mode (i.e. through a negotiated contract without tendering). If not, the company would abandon the project as it was not in a position to increase its own funds by enough to go ahead.

POs/FOs also discussed **their risk mitigation strategies on programme implementation**, but there was little they could do to mitigate **the economic and geopolitical challenges** (such as COVID-19, Russian aggression in Ukraine and higher interest rates, higher prices and supply chain delays), **other than be flexible about extensions**.

Programme-related challenges

Based on the collected feedback, the **administrative burden appears to have been the main challenge in the implementation process**. More specifically, the **selection and contracting processes were regarded as having been disproportionately long** in some cases, leaving insufficient time to focus on project implementation and causing a rush to proceed to the absorption of funding and a risk that projects will not be completed or achieve the desired results. Project Promoters often used consultancy services to help them the preparation and implementation of their proposals.

The data collected highlighted a number of **internal challenges** which have affected the achievement of results:

- **Occasionally protracted contracting processes:** Almost a third of surveyed Project Promoters cited signing the contract as a cause for the delays incurred in the project implementation. POs/FOs also noted that the contracting requirements have slowed the programmes' implementation overall.
- **Lack of flexibility on the use of funding:** Some Project Promoters would have encountered fewer problems if they had been able to switch funds between budget lines, and even different partners implementing the same project.
- **Underestimation of costs or lack of buffer funds to cope with price rises:** Some SME's companies found it difficult to raise their own fund contribution or having to increase that contribution because they had underestimated costs or prices went up (for whatever reason). One Portuguese SME commented that *"One lesson is the financial need that you need to support the grant. I learned that the grant is not free money. You need to consider well what you ask for."* The absence of a provision to compensate for unforeseeable costs was also regarded as a challenge. One Project Promoter suggested there should be a contingency fund for this.
- **Disseminate all the funding allocated to the programme:** While POs/FOs have faced difficulties in distributing all the funding, the interviews revealed that they have adopted mitigating strategies such as organising additional calls (Greece, Poland) or reallocating between projects and to the bilateral cooperation envelope which has a longer eligibility period.
- **Experimental nature of some projects:** The results of innovative projects in their earlier implementation stages take time to become visible, so may skew the overall picture.

To generate **additional evidence on the alleged contracting delays** as perceived by some Project Promoters and POs/FOs, the evaluators reviewed data from GrACE on six calls for project proposals²⁹. We chose one call in each Beneficiary State selected for in-depth assessment and attempted to cover different implementation years, modalities and focus areas. This review was carried out because the survey of Project Promoters generated **several relevant examples in which contracting delays significantly affected project implementation**: delay to setting up a team which in turn derailed the whole project timeline (seven months to contract signature); contracting process leaving only a year for the implementation of the project (final deadline in April 2024 without the possibility for an extension) or contracting delay resulting in cash flow problems. In several instances, **contracting delays led to a discrepancy between the conditions and context at the moment of signing and the original project plan** (costs, timeline, etc) which affected the implementation. Similar feedback was also received during project visits.

The review of this sample of calls indicated to the evaluators that **the duration of the contracting process can vary vastly between individual projects within the same call, between calls and between different Beneficiary States. There is no hard and fast rule**, but in general **most of the projects** that the evaluators reviewed for this exercise **were contracted within four months** of the decision date published on GrACE. In two calls (LV-INNOVATION – Small Grant Scheme - Development of ICT products and PL-INNOVATION – Call for proposals in welfare technologies), **the**

²⁹ GR-INNOVATION – 1st Call for Proposals, Blue Growth, Individual Project Scheme
EE-INNOVATION – Green ICT Main Call
LV-INNOVATION – Small Grant Scheme - Development of ICT products
PL-INNOVATION – Call for proposals in welfare technologies
PT-INNOVATION – Call nr #3 – Resource Efficiency of Enterprises
RO-INNOVATION – Call for proposals 1 (EEA FM) - Individual Project Scheme-Green Industry Innovation, Blue Growth and ICT

timelines varied significantly between individual projects contracted under the same call (between two months to over a year after the decision date). The PL-INNOVATION call appeared to have experienced many issues as the delays between key milestones were significant (almost a year between the submission deadline and the decision date, with the last contract signed over a year after that). The corresponding APR for PL-INNOVATION highlighted the difficulties experienced at the time, which illustrate well the range of issues which can affect the contracting process: *“delays in submitting documents required for the conclusion of the contract (such as financial statements, external financing agreements, administrative decisions like building permits and environmental decisions), submitting documents requiring improvements (such as the de minimis aid and public aid form, the Micro, Small or Medium-Sized Enterprise status statement) and changing financial sources for the projects causing the need of amending applications and additional verification of compliance with the conditions for the granting.”* In addition, the submission deadline for this call (14 May 2020) fell in the middle of the COVID-19 pandemic. This affected the usual process.

We understand that the implementation procedures within the programmes do not prescribe strict contracting deadlines. We also note that the contracting process can be significantly affected by administrative and regulatory requirements external to the programme. The evaluators find it **difficult to estimate what constitutes a reasonable deadline for signing a grant contract as a general rule**. They consider that the process is **highly dependent on each applicant’s individual capacity and experience, as well as the completeness of required documentation and administrative permits** and the overall context at the time of the call. Nevertheless, the review of the call information suggests to the evaluators that **it should be possible to sign a contract within three months of the date on which the grant is awarded**, as this was the case in a significant number of reviewed projects. Based on the feedback collected from beneficiaries for the evaluation, the evaluators assume that this would also be considered reasonable by the applicants. However, it is likely that in some cases this deadline is unrealistic considering the specific circumstances of each project.

The feedback collected leads the evaluators to the conclusion that **any delay in contracting beyond six months from the decision date should be transparently and regularly discussed with the Project Promoter** to limit any potential adverse effects on project implementation.

Project Case Studies – Internal factors causing delays to project implementation

More than one Project Promoter commented unfavourably during the fieldwork on the time that it takes between applying for the Grant and hearing the results. That problem is exacerbated when the product is a seasonal one, as in the case of one agrifood company. The wait of more than a year between the call and the project being launched meant a whole season was lost, but the project then had to start in the next off-season. That was earlier than they would have liked because the optimum for them would have been to have launched later towards the beginning of the season. *“Once the project was approved, it went very fast – too fast. We weren’t ready to start at exactly that point. This is a very common situation for SMEs that the timing isn’t quite right. As we are a consortium of companies, we were all working on other things at the same time, we couldn’t just turn those activities off and go full steam ahead. We would’ve needed a few months to plan.”* However, the company accepts that it was to blame for not having communicated with the PO about the delays at the outset. They complimented the PO on the support it has given them in trying to get the project back on track.

Support and monitoring to ensure achievement of results

Based on the survey results, Project Promoters felt supported by the PO/FO (some 80% stated that they were supported to a very great or great extent). As per the open replies, some **POs/FOs have gone above and beyond their responsibilities to influence positively the outcome of projects** under their supervision:

“We appreciated the availability and the openness of the Programme Operator also in providing certain suggestions or bringing to our attention other related opportunities to promote our product and company.” (PP survey respondent, Romania)

However, **the feedback on POs/FOs is not uniform** as the open replies to the survey also highlighted that some of their practices are considered as **too bureaucratic** or **have added to the complexity** of

project implementation by increasing the administrative obstacles. Nonetheless, this is a minority view and does not support any conclusion that POs/FOs were significantly responsible for the non-achievement of project and programme results.

Based on the review of the sections on monitoring and evaluation in the APRs of the selected Beneficiary States, the evaluators found that **the POs/FOs have complied with their obligations to monitor Project Promoters** (referenced in Article 5.6.(g) to (k) in the EEA and Norway Regulations. **The POs /FOs carried out adequate monitoring, including on-the-spot verification of projects where appropriate.** The review of the APRs confirms that POs/FOs align with the requirements of the Management and Control System. The evaluators could not ascertain if all POs/FOs adopted a risk-based approach in monitoring throughout the implementation of the programmes. This would require establishing risk level of each project, based on predefined scales, and adjusting monitoring, verification and audit measures to that level. The evaluators did, however, identify such an example in LV-INNOVATION's APR 2022, where the PO carried out risk assessments for all the Small Grant Scheme projects and the project monitoring plan was updated accordingly for 2023.

Likewise, **Project Promoters are overall satisfied with the collaboration with a Donor project partner and value its benefits** (which is discussed in more detail in the answers to Evaluation Questions 10 and 11). However, the evidence collected through the Project Promoter survey and interview programme also highlighted that **bringing these bilateral partnerships to life has a cost which is sometimes translated in project delays** (for instance when a Donor project partner had to be replaced while the project was underway). This finding does not, however, support the conclusion that a lack of commitment of Donor project partners significantly affects the achievement of planned results as these are isolated cases in which a solution has been found in a timely fashion.

3.3.3 EQ8: *“To what extent have the Grants contributed to competitiveness, increased value creation and sustainable growth?”*

Key Findings

The evaluation found that **the Grants have contributed to competitiveness, increased value creation and sustainable growth for the businesses** supported through the Business Innovation programmes.

The **combined outcomes of the projects** e.g. in developing or marketing a new product or service, reducing energy consumption etc. amount to a contribution by the Grants to the competitiveness, increased value creation and sustainable growth of the Beneficiary States' economies. This applies at both national and regional level.

The **Grants contributed to environmental sustainability and competitiveness at project level.** The fieldwork provided many examples of the ways in which companies increased their competitiveness by greening their technological processes thanks to the funding from the Business Innovation programmes. It is not possible to assess whether they would have made these investments in the absence of the Grants either at that time or later, or either from own funds or borrowing.

The contribution to competitiveness, increased value creation and sustainable growth in the Beneficiary States would be enhanced by expanded dissemination of information about the Grants. A significant minority of applicants find out about the Grants and the Business Innovation programmes by word of mouth rather than promotion initiatives. Many leading business associations are not aware of the Grants.

Quantifying the contribution of the Grants at programme level

The evaluators find it difficult to quantify the contribution of the Innovation Programmes to the local economy, i.e. to competitiveness, increased value creation and sustainable growth. The total amount

available from the Grants is small relative to the size of these economies and the Grants fund a wide range of businesses.

The programme agreements of the Business Innovation programmes, as do the corresponding results measurement frameworks, include **quantitative indicators which can provide insights on the programmes' achievements in terms of competitiveness, value creation and sustainable growth**. More specifically, Table 4 presents the quantitative data on the achievement of results in relation to the programmes' outcomes³⁰ on increased competitiveness of enterprises in the Beneficiary States selected for in-depth assessment. We selected four indicators (Estimated annual growth in turnover of supported enterprises; Estimated annual growth in net operational profit of supported enterprises; Number of jobs created and Number of new products/services/processes developed) and consolidated data sourced from the results frameworks of the six Beneficiary States. As explained in the answer to Evaluation Question 6, and evident in the table below, **the data are not fully available for the selected indicators in those Beneficiary States, because many projects will only report results at project completion or have been contracted after the last reporting cycle**. Also, there are seldom any baseline values and no indication on how the targets were set. **While in principle these indicators are considered useful** in assessing results on competitiveness, value creation and sustainable growth, at the time of writing **they do not provide sufficient insights on the achievements of the programmes**. The instances where targets on these indicators were achieved or exceeded are highlighted in green in the table below. The evaluators consider these results as a positive indication on the ways in which the Grants are contributing to competitiveness, increased value creation and sustainable growth in the local economies of the Beneficiary States. As these data were incomplete at this stage, the evaluators complemented their evidence base with primary data generated for the purposes of the present evaluation.

Table 4. Quantitative results on increased competitiveness in selected Beneficiary States

Indicator	BS	Baseline value	Achievement	Target value
Estimated annual growth in turnover of supported enterprises	EE	N/A	7.55 %	5.00 %
	GR	N/A	-	10.00 %
	LV	0.00 %	-	10.00 %
	PL	N/A	-	5
	PT	Not collected		
	RO	N/A	100.00 %	10.00 %
Estimated annual growth in net operational profit of supported enterprises	EE	N/A	5.66 %	5.00 %
	GR	N/A	-	5.00 %
	LV	0.00 %	-	5.00 %
	PL	N/A	-	5
	PT	N/A	99.18 %	5.00 %
	RO	N/A	100.00 %	5.00 %
Number of jobs created	EE	0	114	100
	GR	0	9	100
	LV	0	0	50
	PL	0	27	300
	PT	0	63	45
	RO	0	108	255
Number of new products/services/processes developed	EE	0	5	25
	GR	0	6	15
	LV	0	0	23
	PL	0	6	70

³⁰ EE: Outcome 1:Increased competitiveness of Estonian companies within focus areas Green Industry Innovation, ICT and Welfare Technology; GR: Outcome 1:Increased competitiveness for Greek enterprises within the focus areas Green Industry Innovation, Blue Growth and ICT; LV: Outcome 1:Increased competitiveness for Latvian enterprises within the focus areas green industry innovation, ICT and welfare technologies; PL: Outcome 1:Increased competitiveness of Polish enterprises within the focus areas of green industry innovation, blue growth and welfare technology; PT: Outcome 1:Increased competitiveness for Portuguese enterprises within the focus area of Blue Growth; and RO: Outcome 1:Increased competitiveness for Romanian enterprises within the focus areas Green Industry Innovation, ICT and Blue Growth.

Indicator	BS	Baseline value	Achievement	Target value
	PT	0	61	25
	RO	0	23	25

Source: Business Innovation programmes' results frameworks on GrACE

At a qualitative level and as a general statement, POs/FOs and NFPs did believe the Grants were making a contribution, without being able to pinpoint the exact extent of the contribution. Project promoters do not look at the investments from that perspective as opposed to the contribution to their business development. The awareness of the programmes by external stakeholders consulted was too low for them to make an assessment. The participants in the focus groups with Polish and Estonian business associations, as well as the business associations interviewed in Latvia and Greece, had very limited, if any, knowledge of the Grants and the Business Innovation programmes and could therefore not comment on their contribution to competitiveness, increased value creation and sustainable growth in the local economies of the Beneficiary States.

Potential for a greater contribution through more communication

This lack of awareness is in line with evidence from the fieldwork indicated that, to some extent, applicants found out about the Grants and the Business Innovation programmes from word of mouth (other enterprises, personal relationships, etc.) rather than from specific promotion initiatives targeting them. They also often rely on consultants to follow these opportunities for them. During a field visit in Poland, one Project Promoter specifically recommended to “*disseminate information on the Norwegian funds. Information conferences could also be held online to have a chance to reach more people.*” when asked how the programme could be improved. This suggests that the current approach to communication and dissemination in the Business Innovation programmes can be improved. As a result, **the programmes might be missing out on attracting even higher quality applicants and projects**, which could boost their contribution to competitiveness, increased value creation and sustainable growth in the local economies.

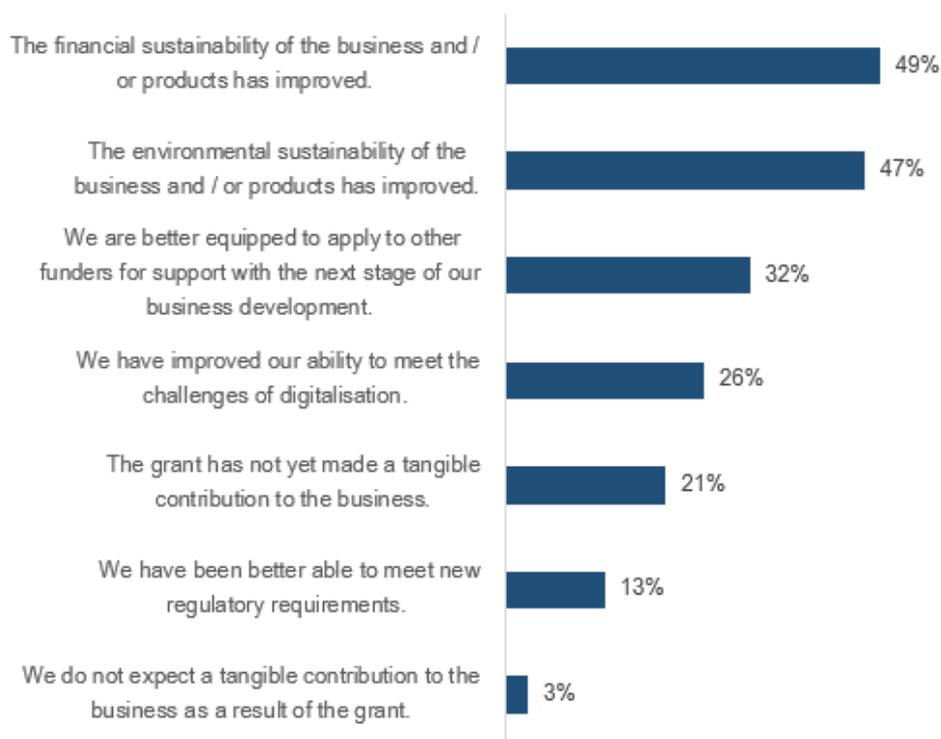
Contribution at project level

At project level, **Project Promoters overwhelmingly report that the Grant has contributed to the development of their business.** Half of the respondents highlighted that **the environmental sustainability of their business had been enhanced**, and a quarter noted an improvement in their **ability to meet the challenges of digitalisation**. To the extent that the Grants achieved this, there are grounds to assume that individual projects were contributing to value creation in the economy.

Figure 11. Survey of PPs - Contribution to business development

How has the grant specifically contributed to the **development** of your business?

[Tick all that apply.]



Source: Survey of Project Promoters (n=212)

The open replies to the Project Promoter survey and the field visits contain a wealth of **examples of the Grants' contribution to business development, in particular in relation to environmental sustainability which often boosted the competitiveness of the enterprise as well**, such as:

“The enhanced production capacity achieved through investments in innovative, environmentally friendly, and comprehensive manufacturing processes paved the way for additional investments, amplified value creation, and ensured sustainable growth in the long run.” (PP survey respondent, Croatia)

“With this project we started to recycle secondary aluminium and with that we have made our production process more environmentally sustainable as well as financially sustainable because we reduced our raw material costs.” (PP survey respondent, Croatia)

“By adopting green manufacturing practices and leveraging state-of-the-art equipment technology, we have minimized our environmental impact and contributed to a more sustainable future.” (PP survey respondent, Bulgaria)

“By supporting the research and the build-up of a strong expertise pool on the sustainability topic, it generated a turning point also from a strategic point of view, as the company's mission was repurposed and specifically focused on development of “green digital solutions.” (PP survey respondent, Romania)

“The project introduces a new product into production in the Company, reducing the environmental impact. As part of the project, a high value-added product will be introduced into production, which will continue to ensure the sustainability of the Company in the domestic and foreign markets and increase the Company's productivity and competitiveness.” (Field visit to project in Latvia)

“[The project] *implemented a series of measures to decarbonise the company, such as: 100% recycling of industrial waste, local integration of raw material production, product eco-design, the manufacturing of bio-based and compostable packaging [...].*” (Field visit to project in Romania) Project-level information on GrACE states that the financial situation of the company has been checked against the trial balance sheet and the balance profit and loss which shows the company has surpassed the values for the special indicators under net profit and net turnover.

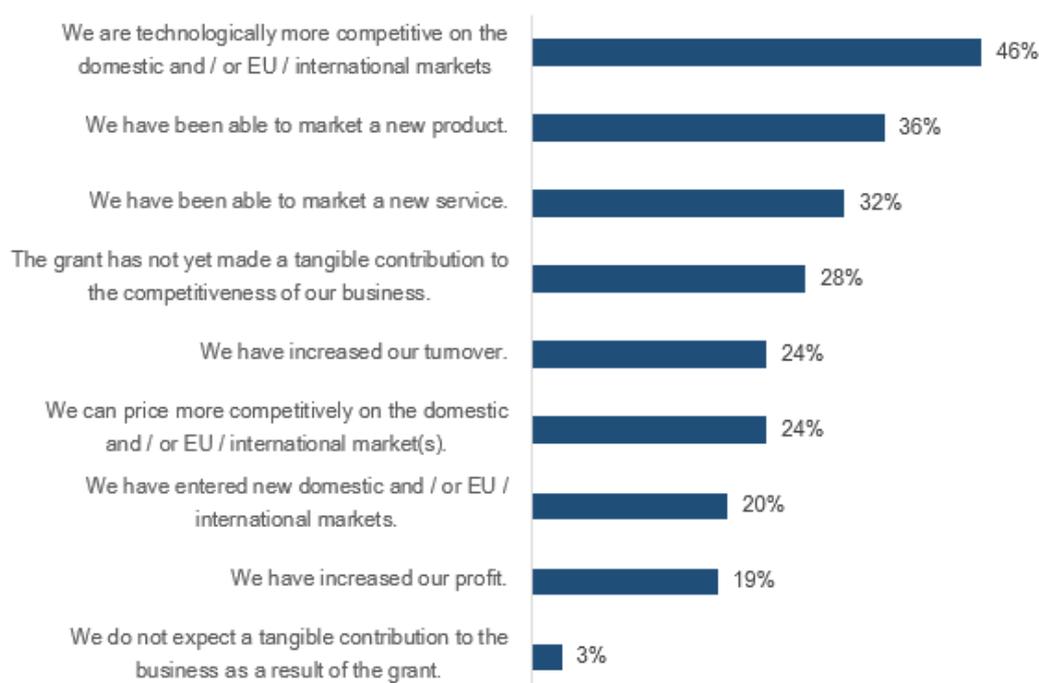
This positive outlook is also supported by the results of the Donor project partner survey which also note a positive contribution. Only 14% of respondents did not expect a tangible contribution to the business as a result of the grant and but one in five highlighted the improvement in environmental sustainability brought by the Grant.

The views on the **specific contribution of the Business Innovation programme to the competitiveness of businesses** were less explicit among Project Promoters. While almost half of the surveyed Project promoters stated that their business had become more competitive as a result of the Grant, but over a quarter of Project Promoters and Donor project partners alike noted that the Grant had yet to make a tangible contribution. However, with many projects still to complete at the time of this survey, that percentage might well be lower if the survey were repeated.

Figure 12. Survey of PPs - Contribution to competitiveness of business

How has the grant specifically contributed to the **competitiveness** of your business?

[Tick all that apply.]



Source: Survey of Project Promoters (n=212)

There are also **good examples of the contribution of the Business Innovation programme to the competitiveness of businesses** (often coupled with the greening of their process), notably in the open replies to the survey of Project Promoters:

“The project increased the company's competitiveness in the domestic and foreign markets by increasing production capacity through investment in innovative, green and comprehensive production process, which ultimately facilitated further investments, increased value creation and sustainable growth.” (PP survey respondent, Latvia)

“Thanks to the proprietary technologies which we develop through this grant, we are positioned among the frontrunners of deploying state-of-the-art digital framing technologies which gives us strong technological advantage.” (PP survey respondent, Bulgaria)

“The project will improve the competitiveness of the product by reducing energy consumption and using 99% of waste (PVC). The project therefore improves the competitiveness of the company through multiple cost reductions.” (Field visit to project in Poland)

“The purchase of a machine that prints on both sides of the sheet at the same time has allowed the company to significantly shorten the order process, increase product quality and reduce production costs. The investment has allowed the company to increase its competitiveness in the market, while reducing CO2 production, electricity consumption and production waste.” (Field visit to project in Poland)

During the selection of projects for the field visits, the evaluation team reviewed in detail the project portfolio across the Business Innovation programmes in the selected Beneficiary States, including project locations, and concluded that **the geographical spread of programme activities covers several NUTS-2 regions in each country**. The **POs/FOs and NFPs also confirmed that the geographical spread of the programme is satisfactory** and programme activities are conducted in regions outside the capital and the usual business centres, for instance in Estonia:

“In Estonia, entrepreneurship is mainly concentrated in the counties of Harjumaa and Tartumaa. However, the distribution should be based on the company's ambition, not location. The Innovation programme helps enterprises to enter the European market.”

A positive contribution

In light of the preceding findings, the evaluators conclude that, as per the project examples listed above, **there is evidence that the Grants have contributed to positioning the local economy better to meet the challenges of digital and green growth**. However, the evidence does not expressly confirm this achievement beyond the results of projects and the feedback collected from stakeholders which is discussed above. This conclusion is nevertheless supported by the opinions of POs/FOs, NFPs and Donor Programme Partners which are familiar with the unique circumstances of the Beneficiary States and could therefore comment on the broader contribution of the programmes. The evaluators therefore find that the combined achievements of individual projects (i.e. marketing a new product or service, increasing turnover and / or profit, etc.) amount to a contribution of the Grants to positioning the local economies in the selected Beneficiary States to better to meet the challenges of digital and green growth.

3.3.4 EQ9: “How could the Grants better measure the results of ‘Innovation’ programmes?”

Key Findings

There is **room for clarification of the intended purpose** of the results framework, including conveying its usefulness to those who have to fill it out. If it is not intended as a tracking tool but as a tool to measure the overall success of the Programme, the six-monthly reporting required for some indicators seems unnecessary. The annual reporting is useful if it used to identify and follow up on anomalies, but the extent to which POs/FOs do this appears to be limited.

A poor understanding of the purpose is likely to be contributing to a perception on the part of POs/FOs and Project Promoters that the collection from Project Promoters of the data for the framework creates an **unnecessary administrative burden**. Project Promoters have a similar perception of an unnecessary burden. In some cases, the latter may be providing estimates rather than actual data (which for them carries a cost and an additional burden). This casts doubts on the reliability of some project data and therefore of the aggregate data.

The **indicators as such are generally appropriate**, e.g. on job creation or the proxies used for measuring ‘greening’. Others are generic, e.g. data on the Project Promoter’s turnover or profit

increase is not an indicator of the success of the investment made thanks to the Grant. Many provide numbers which are indicators of performance only at output level.

Self-assessment via surveys could reduce the administrative burden on both POs/FOs and Project Promoters and provide an assessment, including for the Donors, that is as useful as the current tool in measuring the achievements of individual projects and the Programme as a whole. Measuring expectations of the contribution the investment enabled by the Grant could also provide a tool to see whether the Programme is on track and provide a more granular view of likely outcomes.

The evaluators make a series of recommendations on potential improvements in the final section of the report.

The limitations of the Results Frameworks in assessing outcomes and achievement of objectives

The principles applicable to the design of the Results Framework are referenced in the Results Guidelines.³¹ The Results Framework for each programme is included in the Programme Agreement, and covers planned outcome(s) and outputs, as well as indicators, frequency of reporting, baseline and target values. POs/FOs are expected to collect and aggregate project data and report in their Annual Programme Reports (APRs).

The **Results Framework is based on a series of core indicators measuring aggregated results for specific areas of high political interest for donors**. Each Beneficiary State adopts the indicators it thinks are appropriate for its environment. Reporting is either semi-annual or annual.

Our understanding is that **the Results Framework is not a tracking tool, but that it is an indicator of the success of the Programme based on the aggregate data on projects. This casts doubt on the need for semi-annual reporting**. Annual reporting allows POs/FOs to look at whether the entries seem to make sense, but we have no evidence of POs/FOs using the data in that way and following up on anomalies.

Most of the indicators are numerical, i.e. they measure outputs. Only a few indicators are qualitative, i.e. based on surveys. The indicators are categorised by predetermined outcomes (which in turn are categorised under an objective) but there is no direct link of the outputs to the outcomes. There is an assumption that if the outputs are achieved, the outcomes will have been, and that if all outcomes are achieved, then the objective will have been. Targets are established, but there are often no baselines. Consequently, **it is not possible to judge whether shortfalls are sign of failure or if exceeding targets is a measure of particular success or the targets were not appropriate**. (We assume that the current results will be useful in setting targets in any future cycle, however).

While the intention is that the Results Frameworks should be numerical, it is not clear how useful numbers on the number of enterprises supported in one or the other area (with possible overlaps) are in assessing the success of the Programme.

Other **indicators are fairly standard metrics** for measuring business development (jobs created, turnover and profit) and innovation (IPR, and distinguishing between those that are new to the enterprise but not necessarily new to the market, those that are new to the market and those that are new to the world.) The waste and energy indicators could be regarded as proxies for greening (or "blueing"). However, turnover and profit increases at enterprise level do not measure the contribution made by the Grant or the process it funded. Moreover, the return on that investment may take several years to show up in either figure. Measuring CO2 emissions reduction, for example, may well be the result of a series of investments or measures going beyond the processes funded by the grant. There are no indicators in the frameworks that would make it possible to see the difference digital investments have made.

Question marks over utility

All interviewed stakeholders had questions marks about the results measurement framework. They questioned the suitability to capture the most important outcomes and impact generated within the programmes. They also questioned whether all the outputs and outcomes in the programme

³¹ [Results Guidelines - Rules and Guidance on how to design, monitor and evaluate programmes, manage risks, and report on results](#), 2021,

agreements are necessary or good indicators. While there are other channels for qualitative reporting, this clearly does not obviate the need for the results framework to be well understood.

The stakeholders, both POs/FOs and Project Promoters, interviewed did not have a clear understanding of the reasons for collecting the data. This is likely to have contributed to their **perception that the results framework imposes an unnecessary administrative burden**. Another factor contributing to that perception is likely to be the level of disaggregation suggested for some indicators, even if in practice those lines are left empty. Collection of some project data, e.g. based on energy audits, also carries a cost for Project Promoters. The evidence collected in fact suggests that some Project Promoters are more assiduous than others in providing precise data. This would affect the reliability of the aggregate data.

The POs/FOs aired a **perception that bilateral cooperation indicators fail to reflect the actual achievements of the partnerships in qualitative terms**, thus missing the point in measuring the outcomes and sustainability of bilateral partnerships beyond the context of the programmes. Data on the level of satisfaction with the partnership and the level of trust between cooperating entities in Donor and Beneficiary States, as well as the share of business partnerships which continue after project implementation period, is already being collected via survey for the purpose of reporting on results indicators by the POs/FOs. However, this data is collected upon project completion and thus often unreliable or incomplete, according to the FMO. The evaluators acknowledge the limitations of using a survey to collect qualitative information and believe that the set of bilateral indicators covers the key parameters according to which the success of bilateral partnerships can be measured. If the current set-up fails to deliver insights which adequately reflect the bilateral achievements, the POs/FOs could consider administering the survey prior to project completion. It could also be helpful to encourage Project Promoters to write a narrative describing their positive and negative experiences of the bilateral partnership in an open reply in the same survey.

We note that the Project Level Information section on GrACE contains a summary of the achievements of bilateral cooperation, which is completed at the end of the project. The evaluators consider that these already generate useful qualitative data on the context on the bilateral relationship, but with a clear orientation towards the positives and variable quality. The programme APRs include detailed summaries of the achievements on the bilateral Outcomes but tend to focus on the bilateral initiatives rather than individual partnerships, which are mainly discussed in quantitative terms (number of companies attending bilateral initiatives, number of partnerships). We found isolated **instances where successful individual partnerships were presented in more detail and believe this is a good practice** which should be encouraged. These could complement the qualitative data already being collected on bilateral cooperation, but could also capture negative outcomes which can generate insights on the ways in which bilateral partnerships can be improved. This point is also discussed in the answer to Evaluation Question 11.

Lessons learned

We were informed in the course of the evaluation that **the FMO has already learned from the current experience** with steps to ensure that the main project results are linked to programme results. This could be done in GrACE in the Project Level Information section by ticking which indicators each project is contributing to. The GrACE system could then match each project to respective indicators in the programme results framework. This would allow for a line of sight as to which projects contribute to which indicators. Another option could be to enable the GrACE system to accept the direct input of project level results that contribute to programme level indicators. Project level results can then be aggregated by the GrACE system, instead of being aggregated by PO/FOs. As a stop gap improvement in the current Financial Mechanism, the FMO has been able to link which projects and calls link to outcomes and outputs – but not to specific indicators.

An alternative methodological approach to ease data collection from Project Promoters would be a simple annual survey with data bands that could include grant contribution to turnover (i.e. grant contributed 0-5%, 6-10% of increase in turnover).

3.4 Bilateral cooperation³²

3.4.1 EQ10: “To what extent is the overall bilateral objective of the EEA and Norway Grants considered in programme implementation?”

Key Findings

The **overall bilateral objective of ‘strengthen bilateral relations’ has been considered to a large extent in the implementation** of the Business Innovation programmes. The **POs have been proactive in organising bilateral initiatives** designed to match Project Promoters with Donor project partners. The **bilateral initiatives have been conducive to the formation of many successful bilateral partnerships** resulting in enhanced collaboration between Beneficiary and Donor State entities.

However, there is scope to **involve more Donor partner organisations to increase the number of potential good partnerships**. In some cases, **Beneficiary State companies struggle to find a partner in Donor States** in the given time and require further support in this.

The success of bilateral cooperation often relies on personal relationships. In a significant number of cases, bilateral cooperation built on existing relationships. A significant minority of bilateral cooperation initiatives failed because a key person involved at the outset of the cooperation left the Donor project partner company.

Contributing to better bilateral relations

As per the Blue Book, **business development and innovation are key areas for bilateral cooperation between Donor and Beneficiary countries**. The purpose of bilateral cooperation is to strengthen relations between Donor and Beneficiary States, and in the context of the Innovation programmes, to establish cooperation between businesses and industries resulting in the linking of existing markets, opening new markets, contribution to innovation development and greening of industry. There is an expectation that new technology solutions can be leveraged through bilateral cooperation, and that knowledge is transferred and absorbed by both partners involved.

The **bilateral objective is embedded in the Programme Agreements, with the Business Innovation programmes expected to facilitate donor partnership projects by carrying out bilateral initiatives**, such as, inter alia, matchmaking events and activities in conjunction with launching calls for proposals, as well as by encouraging donor partnership projects in call texts. The further use of the funds for bilateral relations allocated to the programme is agreed in the Cooperation Committees. While bilateral cooperation is not mandatory, it is considered to have very significant potential and is generally encouraged across the Innovation programmes.

Positive outcomes

The **feedback from POs/FOs and NFPs on the outcomes of the bilateral initiatives was overwhelmingly positive**. In cooperation with Innovation Norway (or where applicable, Innovation Norway as Fund Operator), **POs organised matchmaking events, special events, and information days to introduce the Business Innovation programmes**. During the COVID-19 crisis, online matchmaking activities were carried out with a view to continue sustaining bilateral cooperation. **These events were successful in connecting like-minded companies**.

The Romanian FO notes the involvement of Icelandic partners in some of their events. As a particular highlight, the **Oslo Innovation Week** conducted in September 2023 welcomed Romanian startups with

³² The analysis of the Evaluation Questions on bilateral cooperation includes the feedback of the following stakeholders:

- Survey of Donor project partners across all 10 Beneficiary States which received 24 replies;
- Interviews with the four Donor Programme Partners which operate in the selected Beneficiary States (Innovation Norway, Research Council of Norway, The Icelandic Centre for Research and the Norwegian Directorate for Higher Education and Skills); and
- Survey of Project Promoters across all 10 Beneficiary States which received 112 replies.

The respondent type is identified when the aggregated feedback is relayed in the answer to the Evaluation Question.

the purpose of networking or matchmaking in that region innovation ecosystem, together with other likeminded companies from all the Business Programmes including Bulgaria and Poland.

The **bilateral dimension of the Business Innovation programmes' is considered by interviewed stakeholders as arguably one of the most significant contributions of the programmes** in the Beneficiary States, as reflected in the quote from the interview with a PO:

“The most significant advantage of the Innovation Programme is the possibility for companies to get support to enter the Nordic market. For those who don't have contacts in the Norwegian market, the grant has helped to find them. The combination of study visits and support is of great value.”

Its unique modus operandi, embedded at programme and project level, is one of the distinct features of the programmes and a draw for many participating businesses. **The focus on bilateral relations between Donor and Beneficiary States carries benefits for businesses on both sides, cumulatively translated in the strengthening of the bilateral ties between States.** This does not mean that all bilateral partnerships are a success or without their problems, as per the examples included in the project case study boxes in the answer to Evaluation Question 11.

The evidence from the field visits and the open replies to the surveys suggests **problems in finding the right balance between the quantity and quality of bilateral partnerships.** There is not always an understanding that the focus of the projects should be the Beneficiary State business, with the added value of the bilateral partnership and the contribution of Donor partner, and a hope that the result will be long-term cooperation between the business entities, as reflected in the following quote from a field visit in Portugal:

“The scope of the EEA grant was very in-line with what we want, we didn't need to try to shoehorn our objectives because one of our objectives was to strengthen ties to Norway.”

Potential for improvements

While the overall usefulness and relevance of the bilateral objective in the implementation of the Business Innovation programmes was confirmed in the evaluation findings, the evidence collected helped us identify some **ways to enhance the strengthening of bilateral relations, and fulfilling the bilateral objectives.**

There is evidence from the interviews with POs, NFPs and the fieldwork, that the **purpose and value of bilateral cooperation could be better publicised in the Beneficiary States,** as some may have an underdeveloped culture of collaboration / international partnerships. In one Beneficiary State, the PO reported an initial confusion among applicants (i.e. some had a product that they want to bring to the Norwegian market, but had not initially understood that they needed a partner as the goal was to enhance cooperation between the two countries. In another, the PO noted that “[national] *companies don't have the experience or culture with collaborating with the companies from other countries. For this reason, there are not many success stories of a useful and beneficial partnership*” in this Financial Mechanism.

While the evidence shows that **the POs/FOs make sustained efforts to encourage bilateral partnerships, there is scope to involve more Donor partner organisations to increase the number of potential good partnerships.** In addition, **more effort in time and support to find partners in Donor States.** This could be achieved by ensuring that **the organisation of bilateral initiatives (in particular, matchmaking)** takes place **as much as possible in advance of upcoming calls,** therefore maximising the matchmaking potential and the chances of Beneficiary State companies to link with like-minded companies.

The survey results indicate that there is **scope to improve the matchmaking efforts** deployed within the Business Innovation programmes, as only 13% of surveyed Project Promoters reportedly found their Donor State match through participation in bilateral activities (and 22% of Donor project partners note the same). According to the survey results, the most common way of finding a partner for Project Promoters is independent search and through previous cooperation for the Donor project partners.

3.4.2 EQ11: “How and to what extent are bilateral partnerships (at programme and project level) adding value?”

Key Findings

The evidence collected confirms that **Project Promoters and Donor project partners alike draw benefits from bilateral cooperation**. Feedback from these beneficiaries indicates that the possibility of **establishing a bilateral partnership is attractive and thus adds value to the project and the programme as a whole**.

Establishing a partnership is not a guarantee of success, however. They often bring together partners from very different business cultures and at very different levels of technological development, without that necessarily having been well understood. **EEA partners do not necessarily always understand the high expectations** that the Beneficiary State companies, rightly or wrongly, have of them, or commitment that will be required.

Beneficiary State companies do not always necessarily understand the implication of implementing a project with a business from another country in close partnership, which is meant to deliver different benefits to both parties, and is not just about finding new export markets or being the recipients of transfer of technology.

The evaluators could not ascertain the conditions which determine the success of a bilateral partnership in absolute terms. The evaluators believe that **the success of the partnership is highly dependent on the specific circumstances of each project**. Common aims, good communication and interest in pursuing a collaboration which benefits both Donor and Beneficiary State enterprises are conducive to successful bilateral cooperation.

There is evidence to show that the **Business Innovation programmes can foster long-lasting partnerships between enterprises from the Donor and Beneficiary States**. The efforts already deployed by the FMO to capture **data on the quality of this cooperation could be complemented by the inclusion of more detailed narrative on the successes (and failures) of bilateral partnerships in the programmes’ APRs**. This could allow additional lessons to be drawn on the factors influencing the longevity of bilateral cooperation, which could be scaled up across the programmes.

A positive and unique element

The evidence collected confirms that **the bilateral objective of the EEA and Norway Grants and the possibility to cooperate with a partner from a Donor State creates an added value for the projects and makes it unique** compared to programmes funded from other sources. The full scope and results of this bilateral cooperation is, however, difficult to assess at the moment as many projects are currently being implemented.

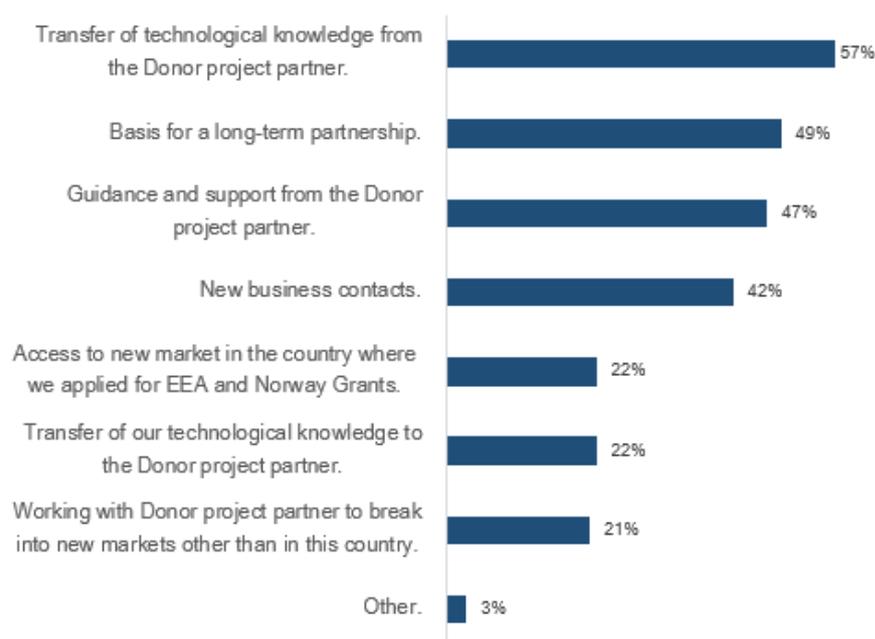
Nevertheless, the survey results indicate that, **at project level, bilateral partnerships add value and have benefits for Project Promoters and Donor project partners alike**. The opportunity to work with a Donor project partner is considered attractive to a very great or great extent by over half of the surveyed³³ Project Promoters. Likewise, over half of the Project Promoters expect that the bilateral cooperation will result in them gaining technological knowledge from the Donor project partner and almost half think the cooperation will form the basis for a long-term partnership and/or become a vehicle for the Donor project partner’s guidance and support.

³³ 72 of the 212 Project Promoters participating in the survey reported having a collaboration with a Donor project partner.

Figure 13. Survey of PPs - Expected benefits of bilateral cooperation

How do you expect your business will benefit from working with a Donor project partner?

[Tick all the apply.]



Source: Survey of Project Promoters (n=72)

The open replies to the survey provide **examples of how the bilateral cooperation in individual projects benefitted the Project Promoter company**, by “*providing a supportive real business environment for the testing of [their] platform and has also helped position [their] company as a provider of green digital services.*” and by “*bringing technological and practical knowledge to the realisation of joint ventures in the field of water tourism.*” The fieldwork also confirmed this positive outlook, reflected in the excerpt below:

“The implementation of the project in cooperation with the Norwegian partner has allowed the company to learn about the realities of the market in Norway and Sweden, which will allow the Project Promoter to develop their product in these countries.” (Field visit to project in Poland)

The evaluators could not ascertain the conditions which determine the success of a bilateral partnership in absolute terms. Based on the sample of projects visited for the evaluation and the open replies to the surveys, the evaluators believe that the success of the partnership is highly dependent on the specific circumstances of each project. Successful bilateral cooperation occurs in cases where partners pursue common aims (for instance, they both benefit from their respective technologies or gain exposure to their respective national markets), have good communication and interest to pursue collaboration which benefits them both.

54% of the surveyed Project Promoters note that they are unsure if the project would have achieved the same results without the involvement of the Donor project partner, while only 28% consider that the project would not have achieved these results without the Donor project partner. This suggests to the evaluators that **the benefits from bilateral cooperation are hard to measure in quantitative terms and not a given in every partnership**. For example, a Project Promoter from Romania notes that “[they] wish [their] partner in Norway would have been more helpful in identifying a pilot [during the application process].” However, based on the qualitative evidence collected during the field visits and the open replies to the survey, the evaluators found that, in many cases, the **involvement of the Donor project partner and the expertise they could bring were crucial to the achievement of the project results**, as shown in the two project case studies included in the Box at the end of the section.

There were exceptions among the fieldwork projects where the Donor project partner lost interest in the bilateral cooperation for reasons which the Project Promoter was not well placed to identify. Changes

of personnel were one reason given, however, i.e. a good personal relationship built initially did not survive a change to someone less committed. The withdrawal of the partner had not affected completion of the project. In some cases, it was explicit that the project could have done without the partner. In others, the initial input from the partner had nevertheless made a tangible contribution.

The **benefit of creating a lasting partnership is more pronounced for the Donor project partners**, based on survey results (overleaf), cited by 83% of those who completed the survey. Half of the respondents cite the dissemination of their technological knowledge, the transfer of knowledge from the Project Promoter and the grant's contribution to their development costs as draws for their participation in bilateral cooperation.

The potential of **creating synergies between enterprises from the Donor and Beneficiary States** is also reflected in the following quote from a Polish respondent to the Project Promoter survey:

“The partner works with recreational motorboats and for fishermen. It does not carry out projects with sailing yachts. This may be interesting for the partner. Nor does it implement projects with yachts equipped with advanced IT systems. In turn, our company had no experience with electric drives. Thanks to such cooperation, it will be possible to achieve a synergy effect.”

These findings are aligned with the recent Evaluation of bilateral cooperation in the Grants³⁴ which concluded that “Donor partners get many benefits from the projects, [including] exchanges of experience, cultural exchanges, [...] access to new markets and new business opportunities.”

Project Case Study – Bilateral Cooperation

The Project Promoter for project GR-INNOVATION-0011 (BlueHealthPass) commended their good working relationship with their Norwegian Donor project partner, SINTEF. They highlighted the partner's level of knowledge and experience in using artificial intelligence (AI), which was relevant to the project. Gnomon Informatics, the implementing company in Greece, had little experience in AI and they state that they could have not achieved the same results without the Norwegian partners. The project resulted in significant knowledge transfer and Gnomon gained knowledge through the collaboration.

The communication between the two enterprises was regular and smooth, and the Project Promoter also benefited from the contacts of the Donor project partner in finding potential clients in Norway's maritime industry.

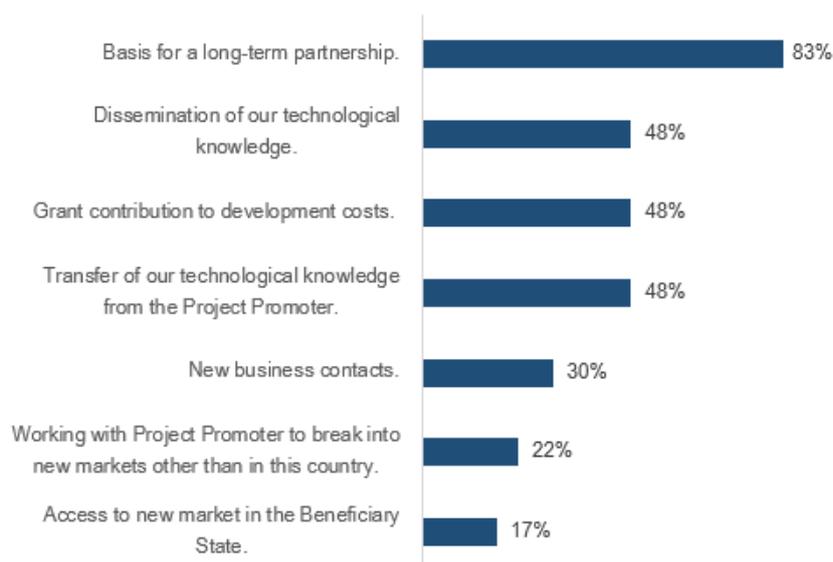
While they faced difficulties in the implementation of their bilateral partnership, posed by the lack of “face time” given the distance between the enterprises' respective HQs and the high salary rates in Norway, which consumed a significant amount of budget, the two plan to continue working together in the future and remain in regular contact. Gnomon see themselves pursuing further joint funding opportunities with SINTEF.

The survey results also indicate that **over 90% of the Project Promoters are satisfied with their respective bilateral partnerships**. Data on the level of satisfaction with the partnership and the level of trust between cooperating entities in Donor and Beneficiary States is collected for the purpose of reporting results indicators by the POs/FOs. Where available, the data confirms that Project Promoters are generally satisfied with the cooperation, as the level of satisfaction ranges from 5.22 (Estonia) to 7 (Romania) of a scale of 1-7. However, as explained in the answer to Evaluation Question 6, **the Results Frameworks do not provide a full picture in the Beneficiary States** selected for in-depth assessment in the evaluation. In the same vein, over 90% of Donor project partners who answered the survey noted that they are satisfied or very satisfied with the collaboration.

³⁴ Op.cit.

Figure 14. Survey of Donor project partners - Perceived benefits of bilateral cooperation

What benefits do you receive from the bilateral partnership(s) as a Donor project partner?
 If you are a Donor project partner in more than one project, please consider your overall experience. Tick all answers that apply



Source: Survey of Donor project partners (n=24)

Project Case Study – Bilateral Cooperation

Project PL-INNOVATION-0004 ("Implementation of an Independent Living service using innovative technologies to support quality of life for older people") included the participation of a Norwegian start-up, NO ISOLATION AS, with a mission to create innovative technology counteracting loneliness and social exclusion. The start-up was identified by the Project Promoter through the products it offered (including, among others, KOMP technology).

The main advantages of the cooperation were the possibility of gaining new experience (out of the ordinary), a broader - international - business and project perspective. The only identified disadvantage was the different perception of cooperation with the public sector by the Norwegian partner, which is due to the fact that it is not as bureaucratic in Norway as it is in Poland. The synergy effect from bilateral cooperation was felt on both sides for the Project Promoter and the Donor project partner.

The Project Promoter notes that, without the involvement of the Norwegian partner, the project scope would certainly not have been as extensive, as the partner's technology solutions were a perfect fit with the Promoter's project needs. The Project Promoter is currently in talks with the Norwegian partner for further product and service development on a nationwide scale in Poland.

Improving the chances of success

Donor State entrepreneurs can lose interest or discontinue the project due to the bureaucracy involved in the process, as reflected in the fieldwork and the quotes from the Donor project partner survey reproduced below. If possible, the bureaucracy / administrative burden must be reduced. Notably, problematic requirements on the provision of personal data should be avoided.

"The administrative burden was excessive and there were many issues with the Project Promoter's national contacts asking repeatedly for documentation that is not issued in our country. There seems to be no harmonised process on reporting across the different countries and this cause many problems." (Bilateral cooperation in LV-INNOVATION)

“We have experienced requirements related to providing personal data rather than data as a partner organisation. It has been requested as part of contractual documents that we should provide data like passport number, personal number and similar when we are representing our organisation and the agreement between project owner organisation and project partner organisation is what regulates the cooperation.” (Bilateral cooperation in BG-INNOVATION)

A third of the surveyed **Donor project partners note that they had a limited involvement** in their Business Innovation project. The evaluation could not ascertain the reasons for this in the individual projects concerned, as no specific feedback on the issues experienced by the Donor project partners was provided. For example, in the Project Promoter survey, a Greek company stated that *“the role of the project partner and the procedure of regarding the own contribution of the partner were not very clear and created some inconveniences in project implementation.”* The Donor Programme Partners should be encouraged to identify cases where the cooperation is not optimal. In the interviews, the Donor Programme Partners reported that they troubleshoot problematic partnerships so there is evidence to support that this is addressed in the current set up of the programmes.

One of the success markers of the added value of bilateral cooperation at project and programme levels is its **future hope to create long-term business partnerships** between enterprises in the Donor and Beneficiary States. The review of the results frameworks of the Business Innovation programmes in the Beneficiary States selected for in-depth assessment indicated that **data on the continuation of bilateral partnerships is not collected in a consistent way across all countries concerned**. Data on the indicator *Share of donor business partnerships which continue after project implementation period*, collected from the Project Promoters via survey was only available for GR-INNOVATION and EE-INNOVATION. This data is collected upon project completion and thus often unreliable or incomplete, according to the FMO. While the results show that the target has been fully achieved in these Beneficiary States, without further information in the Annual Programme Reports on the nature of the partners’ relationships, it is difficult to ascertain the solidity and longevity of bilateral cooperation after project completion based on this indicator. However, we also refer to the other sources of qualitative data on the bilateral partnerships’ outcomes, discussed in the answer to Evaluation Question 9. The evaluators reviewed a sample of Final registration summaries in the Project Level Information (PLI) section which included details on the bilateral achievements of individual projects. **The results reported in the PLI suggest to the evaluators that many partners plan to continue their collaboration in the near future.**

The survey results indicate that, **while a project funded by the Business Innovation programme is still ongoing, both Project Promoters (58%) and Donor project partners (52%) plan to initiate / have initiated further institutional or business co-operation**. However, **the initial enthusiasm seems to peter out following project completion** as the numbers of both Project Promoters and Donor project partners expressing an interest in further cooperation decrease (only 16% of surveyed Project Promoters involved in a bilateral partnership say that they initiated cooperation on other project(s) with the Donor project partner while their Business Innovation project was under way and 31% stated they plan to work with the Donor project partner on other project(s) after project completion).

As discussed in the answer to Evaluation Question 10, it is **crucial to find the right balance quantity and quality of bilateral partnerships**. A productive bilateral partnership, which benefits both Donor and Beneficiary State businesses, would have a higher potential to result in a long-lasting cooperation between the entities. In the interviews with NFPs, POs/FOs and Donor Programme Partners, **some of the programmes’ institutional actors shared a concern that bilateral partnerships may be seen by some Project Promoters as a tick box exercise in order to get additional points in the evaluation which strips the bilateral objective of its meaning**. For example, in project PT-INNOVATION-0062 (Disruptive solution for waste volume measurement), the Project Promoter explained:

“In [PT-INNOVATION], you are encouraged to have these partners, so sometimes you force the partnership a bit. In the beginning, we had two partners from Iceland, a company and the environmental agency. What we thought could be a good line of partnership, [turned out to be] a side business [for the Donor project partner], [so we stopped it]. But we carried on with Environmental agency, in the education field. It was OK, but we never really believed in it that much [and] it has come to an end.”

It is thus important to create a programme environment which supports the creation of robust bilateral partnerships, by **matching the right enterprises together but also by collecting more qualitative data on bilateral partnerships** (as already discussed in the answer to Evaluation Question 9). In addition to the data generated by the indicators on bilateral cooperation in the results frameworks, the FMO already deploys significant efforts to collect such data by requesting it in the Project Level Information (PLI) final reporting, commissioning a specific bilateral evaluation and including bilateral issues in other external evaluation. They also organise annual workshops with the Donor Programme Partners and will synthesise key outcomes of bilateral cooperation in the Final Programme Report. Every APR has a bilateral section to describe results, issues and lessons.

The evaluators found that, in these, bilateral cooperation is mainly reported on in quantitative terms (number of companies attending bilateral initiatives, number of partnerships, etc). The evaluators believe that there is scope to further capture the achievements of bilateral cooperation by **the inclusion of more detailed narrative on the successes (and failures) of bilateral partnerships in the programmes' APRs**. This could be a useful way to identify the patterns which make some partnerships more successful than others. We found an example of this good practice in the APR 2022 for PL-INNOVATION, which provides details on two partnerships with successful bilateral cooperation which is likely to continue after project completion.

4 Conclusions and recommendations

4.1 Coherence

EQ1: “To what extent are programmes and their focus areas relevant to each Beneficiary State’s needs and priorities and how should these look in the future?”

Conclusions	Recommendation(s) and implementing bodies
<p>Programmes were designed according to the priorities and specific circumstances of each Beneficiary State, ensuring their relevance.</p> <p>The selected focus areas (Green industry innovation, Blue Growth, energy, welfare technology, ambient assisted living and ICT) were relevant to local needs and appropriate in all programmes.</p> <p>In particular, Green industry Innovation (where businesses from all sectors can enhance their competitiveness and innovation credentials while greening their operations) and ICT were relevant focus areas in all Beneficiary States. Blue Growth was appropriate in the few Beneficiary States where it was selected and it aligned well with Donor State expertise. POs/FOs and Project Promoters found that the Programmes were a good fit with their needs.</p> <p>The Grants-level objective of reducing social and economic disparities was embedded in the design of the Business Innovation programmes, and the choice of appropriate focus areas enabled projects to contribute to attaining it. In particular, the evaluators found that projects implemented within the focus areas of Blue Growth and Welfare technology supported this overall objective of the grants.</p> <p>The choice of broad focus areas left enough leeway to address new issues and emerging priorities. This ensured their continued relevance. The focus areas aligned well with the priorities of the EU. This alignment facilitated coherence with EU funding programmes.</p> <p>These focus areas are likely to remain relevant for the foreseeable future as they are aligned with Donor State interests, Beneficiary States’ needs and EU priorities.</p>	<p>1. The FMO should continue the use of focus areas in a future Blue Book. They should be simplified and grouped into three overarching categories, which will remain relevant for the foreseeable future as they are aligned with Donor State interests, Beneficiary States’ needs and EU priorities:</p> <ul style="list-style-type: none"> - Green growth, including all environmentally sustainable investment and research & development (R&D) but exclusive of Blue Growth and with a double orientation on enhancing competitiveness / promoting innovation while greening industry in all sectors; - Blue Growth (which is justified by its particular affinity with Iceland and Norway); and - ICT/ digitalisation (given its success and attractiveness to businesses and Beneficiary States). <p>If other focus areas are considered for the Business Innovation programmes, they should be in line with Donor State priorities as this stimulates the engagement of Donor enterprises in bilateral cooperation and maximises the benefits they draw from such cooperation.</p>

EQ2: “To what extent do programmes complement or have synergies with other funding sources such as the EU, national financial institutions, and other international funding schemes?”

Conclusions	Recommendation(s) and implementing bodies
<p>The Business Innovation programmes are coherent with existing funding sources, such as EU, national financial institutions, and other international funding schemes. The synergies between the Business Innovation programmes and other funding sources are maximised when their respective calls for applications for funding are not launched at the same time.</p>	<p>2. When planning calls, the POs/FOs, should give consideration to the timeliness of calls and to avoiding launching them in parallel with other calls with similar objectives, such as funding</p>

<p>The programmes fill gaps in provision of funding to SMEs because they were tailored to the challenges and needs of each Beneficiary State.</p> <p>The Business Innovation programmes have particular features which prevent duplication / overlap with other existing sources of funding. They are:</p> <ul style="list-style-type: none"> - A focus on competitive and innovative Green industry, which was not a priority overtly pursued by EU or national funding schemes; - A targeted scope. They are based on defined focus areas and are tailored to address specific challenges and needs in each Beneficiary States. This provides Beneficiary States with the ability to focus on the development and implementation of priorities such as Green industry and Blue Growth; - They are not sector-specific: all types of companies are welcome providing they are seeking to develop their business in a sustainable way; - An emphasis on SMEs. The Business Innovation programmes are particularly relevant for smaller businesses (<50 employees), notably via the Small Grant Schemes. These businesses struggle to apply for and/or absorb EU funding; and - An opportunity for bilateral cooperation in an organised way. 	<p>programmes of the EU. This will maximise the synergies with other funding sources and the benefits of the Business Innovation programmes.</p>
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4.2 Efficiency

EQ3: *“To what extent are the programmes fit for the current institutional and administrative capacities of the Programme Operators, Fund Operator (IN), and Project Promoters?”*

Conclusions	Recommendation(s) and implementing bodies
<p>The Business Innovation programmes fit the current institutional and administrative capacities of the POs/FOs and Project Promoters. There were a few exceptions. These resulted in delays in announcing results of calls and delays in contracting. The evaluation did not find any differences between the programmes implemented by POs and FOs in this respect. There were delays in implementation at one PO resulting from high personnel turnover created delays for some projects, but this was an exception.</p> <p>The Beneficiary States’ regulatory frameworks were not an obstacle to the effective implementation of the programmes. Where projects reported regulatory delays, these fell into the category of normal changes to the business environment, such as changes in permitting/licensing procedures.</p> <p>Uncertainty about the interpretation of State aid rules by Beneficiary States has created delays in a few cases.</p>	<ol style="list-style-type: none"> 3. The POs/FOs should learn from the current experience and resource adequately in future to avoid delays in announcing call results, in contracting and in implementation. 4. The POs/FOs should prepare and issue up-to-date guidance for Project Promoters on the way in which they interpret State aid rules in anticipation of difficulties which may be faced by applicants.

EQ4: “To what extent are Donor Programme Partners (DPPs) able to support and influence programme development and implementation?”

Conclusions	Recommendation(s) and implementing bodies
<p>The Donor Programme Partners provided meaningful contributions to the design stages of the programmes. This was particularly true during the preparation of the Concept Notes.</p> <p>Donor Programme Partners fulfilled their role of supporting the implementation of the programmes. They engaged effectively with the development and operationalisation of calls, by providing input on the content and guidance to the POs.</p> <p>The added value of Donor Programme Partners, and Innovation Norway in particular, is most palpable in the context of bilateral cooperation, where they support the formation of bilateral partnerships. In problematic situations between the Donor project partner and the Project Promoter, Donor Programme Partners often act as mediators.</p> <p>There is scope for Donor Programme Partners to provide more consistent support to Donor project partners and oversee their contribution to projects outside problematic situations. Donor project partners require support in the operationalisation of bilateral partnerships. They do not always understand the commitment and role required of them.</p> <p>The administrative burden on Donor project partners in bilateral partnerships sometimes contributes to their decision to abandon the cooperation or reduce the quality of their engagement. The field visit and surveys provided several examples of instances where this happened.</p>	<p>5. The FMO should develop guidelines for Donor project partners on taking a more active role in bilateral cooperation. The Donor Programme Partners should provide guidance during the elaboration of these guidelines. They could also advise on the common difficulties faced by Donor project partners.</p> <p>6. The POs/FOs should investigate how the bureaucracy / administrative burden on Donor project partners can be reduced. The Donor Programme Partners should support this task by relaying any feedback on the experiences of Donor project partners during programme implementation.</p>

EQ5: “To what extent are the Grants accessible to different types of businesses (particularly SMEs) and are feasible to implement?”

Conclusions	Recommendation(s) and implementing bodies
<p>Accessibility</p> <p>The Business Innovation programmes are accessible to SMEs. They successfully attract smaller businesses in a context where few funding sources are available to them and/or success rates when applying for EU funds are low.</p> <p>Supporting businesses of low technological maturity is not a barrier to achieving high levels of technological readiness. The programmes have successfully accelerated the development of businesses’ products or services. This was also evident for start-ups. The Business Innovation programmes do not formally use the Technology Readiness Levels (TRL) framework, but it was expected that the products and services supported would have an entry level above 5 “technology validated in relevant environment”. The evaluators found that a significant number started at a lower TRL than 5, but achieved quantum leaps to TRL 7, 8 or 9 with support of the Grants. The evaluators believe that use of the TRL, even as an indication rather than a firm requirement, has not made a significant contribution to the results of the programmes.</p>	<p>7. The POs/FOs should consider if the formal or informal use of the TRL framework as a marker of technological maturity is useful in programme implementation. If it is to be used as a marker, applicants should be provided guidance on what it is and how to assess it.</p> <p>If it is considered useful and used as a marker, the POs/FOs should use the expected TRL exit level as the marker for project selection instead of the TRL entry point. This would allow the inclusion of experimental projects and start-ups that have the potential to be innovative and competitive.</p>

<p>Modalities of non-grant funding on soft terms (equity participation, venture capital, interest rate subsidies, for example) would not be interesting or accessible to SMEs. Non-grant funding on soft terms would also limit bilateral cooperation and complicate programme implementation.</p> <p><u>Feasibility</u></p> <p>Implementing a Business Innovation programme project is feasible for SMEs, including micro-enterprises and start-ups. They find the conditions related to the application, selection and implementation phases of projects straightforward. Where they have knowledge of EU funds, they compare EEA/Norway grants favourably with those funds terms of procedures. SMEs did not indicate having any particular struggles, with some exceptions.</p>	
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4.3 Effectiveness

EQ6: “Given the current status of implementation and the time remaining, how likely are the programmes to achieve their planned results, taking into account special concerns?”

Conclusions	
<p>The evaluation found that, with six months remaining for project implementation at the time of writing, it is likely that most of the projects implemented within the Business Innovation programmes will achieve their planned results. As projects are likely to achieve their results, the programmes can also be expected to achieve most of the results set out in their Outcome and Output statements. The results frameworks, which are not intended as a tracking tool, are not a good guide to the achievements expected at the close of the programmes because many projects report most of their results on completion and, at the time of writing, a significant number of projects were still being implemented. The results frameworks also do not include projects contracted since the last reporting cycle.</p> <p>The special concerns outlined in the MoUs were taken into account in programme design. They were also successfully embedded in implementation by including a Predefined project on a specific topic (Estonia) or relevant Outcome and Output indicators (i.e. encourage cooperation between research institutions and SMEs (Portugal) or funding female enterprises (Poland), etc.).</p>	<p>8. If the FMO or the Donors wish to track the likelihood of achievement of results, they should implement a light-touch survey-based tool.</p>

EQ7: “Which factors are particularly affecting the achievement or non-achievement of the planned results?”

Conclusions	Recommendation(s) and implementing bodies
<p>The main factors which adversely affected the achievement of results in the Business Innovation programmes so far are unforeseeable challenges (e.g. COVID-19, the Russian invasion of Ukraine, and supply chain or labour supply issues, and price and interest rate rises as a result of these or other factors). The POs/FOs satisfactorily granted extensions to projects to mitigate the effects of external challenges. These project extensions were still within the eligibility period for the Financial Mechanism.</p>	<p>9. The POs/FOs should set and publicise target time frames for call launch and announcement of results, and the announcement of results and contracting. They should be transparent about any delays. This would create more certainty for Project Promoters and facilitate their planning.</p>

There were **challenges internal to the programmes which also affected the achievement of planned results, but to a lesser degree**. The most significant internal challenges were:

- Occasionally protracted **contracting** processes;
- Rules which prevent or limit **moving funding between budget lines and partners in a given project**;
- Difficulties in the **absorption of the entire funding** envelope allocated to the projects (due to the underestimation of costs or lack of buffer funds to cope with price rises for some beneficiary businesses) and programmes (due to difficulties in disseminating all the funding allocated to certain programme, which required the organisation of additional calls); and ;
- A minority of **projects being too experimental** to demonstrate visible results at this stage.

The POs/FOs adopted **adequate mitigation strategies to alleviate the adverse effect of other internal factors** when it was possible.

There were **challenges related to the administrative requirements in some instances**. Challenges to financial reporting were often mitigated by the use of consultancy services by the applicants in the implementation of their proposals. While the use of consultancy services may limit the capacity building benefits for companies, it can increase the quality of the implementation – as it does the quality of responses to calls, as these companies also often rely on the specialist expertise of consultants to assist them in applying for funding. **The fact that some bilateral partnerships were less successful than others in generating benefits for both the Donor and Beneficiary State businesses did not have a significant impact** at programme level.

10. The FMO should **review the rules on the use of funding between budget lines**. More flexibility could be conducive to the achievement of project results.

POs/FOs should review the **rules on the use of funding between partners in a given project and identify whether Project Promoters are unaware of the possibility to do this**. They should review existing guidance if a problem is identified.

EQ8: *“To what extent have the Grants contributed to competitiveness, increased value creation and sustainable growth?”*

Conclusions	Recommendation(s) and implementing bodies
<p>The Grants have contributed to competitiveness, increased value creation and sustainable growth for the businesses supported through the Business Innovation programmes.</p> <p>The combined outcomes of the projects in e.g. in developing or marketing a new product or service, reducing energy consumption etc., amount to a contribution by the Grants to the competitiveness, increased value creation and sustainable growth of the Beneficiary States' economies. This applies at both national and regional level.</p> <p>The Grants contributed to environmental sustainability and competitiveness at project level. The fieldwork provided many examples of the ways in which companies increased their competitiveness by greening their technological processes thanks to the funding from the Business Innovation programmes..</p> <p>The contribution to competitiveness, increased value creation and sustainable growth in the Beneficiary States would be enhanced by expanded dissemination of information about the Grants. A significant minority of applicants find out about the Grants and the Business Innovation</p>	<p>11. The POs/FOs, in conjunction with the Donor Programme Partners, should review the current approach to communication and dissemination of information on the Business Innovation programmes. The FMO should encourage POs/FOs to be more proactive in disseminating information about the Grants.</p>

programmes by word of mouth rather than promotion initiatives. Many leading business associations are not aware of the Grants. With better dissemination, it is likely that the average quality of selected projects would increase.	
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EQ9: “How could the Grants better measure the results of ‘Innovation’ programmes?”

Conclusions	Recommendation(s) and implementing bodies
<p>There is room for clarification of the intended purpose of the results framework, including conveying its usefulness to those who have to fill it out. If it is not intended as a tracking tool but as a tool to measure the overall success of the Programme, the six-monthly reporting required for some indicators seems unnecessary.</p> <p>A poor understanding of the purpose is likely to be contributing to a perception on the part of POs/FOs and Project Promoters that the collection from Project Promoters of the data for the framework creates an unnecessary administrative burden. Project Promoters have a similar perception of an unnecessary burden..</p> <p>The indicators as such are generally appropriate, e.g. on job creation or the proxies used for measuring ‘greening’. Others are generic, e.g. data on the Project Promoter’s turnover or profit increase is not an indicator of the success of the investment made thanks to the Grant. Many provide numbers which are indicators of performance only at output level.</p> <p>Self-assessment via surveys could reduce the administrative burden on both POs/FOs and Project Promoters and provide an assessment, including for the Donors, that is as useful as the current tool in measuring the achievements of individual projects and the Programme as a whole. Measuring expectations of the contribution the investment enabled by the Grant could also provide a tool to see whether the Programme is on track and provide a more granular view of likely outcomes.</p>	<p>12. The FMO should encourage POs/FOs to make proactive use of the results frameworks for the purpose of ensuring ongoing reporting is accurate. The FMO should also build on the steps already taken to make the linkages between programme outcomes and project outputs more explicit. This would facilitate a better understanding of how project activities and results translate into programme level results.</p> <p>13. The FMO should review the utility and measurability of all indicators. This should include assessing their appropriateness to each focus area, avoiding unnecessary disaggregation and reviewing the timing of data collection for the indicators on bilateral cooperation, as well as considering the possibility to collect qualitative feedback on bilateral partnerships from Project Promoters through open replies.</p> <p>14. The FMO should consider whether qualitative self-assessment fed into a central dashboard by Project Promoters would achieve a sufficiently reliable result for the purpose of assessing Programme results. This would reduce the administrative burden on POs/FOs.</p>

4.4 Bilateral cooperation

EQ10: “To what extent is the overall bilateral objective of the EEA and Norway Grants considered in programme implementation?”

Conclusions	Recommendation(s) and implementing bodies
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<p>The overall bilateral objective of the EEA and Norway Grants has been considered to a large extent in the implementation of the Business Innovation programmes. The POs have been proactive in organising bilateral initiatives designed to match Project Promoters with Donor project partners. The bilateral initiatives have been conducive to the formation of many successful bilateral partnerships resulting in enhanced collaboration between Beneficiary and Donor State entities.</p> <p>However, there is scope to involve more Donor partner organisations to increase the number of <u>good</u> potential partnerships. In some cases, Beneficiary State companies struggle to find a partner in Donor States in the given time and require further support in this.</p> <p>The success of bilateral cooperation often relies on personal relationships. In a significant number of cases, bilateral cooperation built on existing relationships. A significant minority of bilateral cooperation initiatives failed because a key person involved at the outset of the cooperation left the Donor project partner company. Donor project partners also underestimate the commitment involved.</p>	<p>15. The POs should:</p> <ul style="list-style-type: none"> - involve more Donor partner organisations in bilateral initiatives and matchmaking events; - ensure that the organisation of bilateral initiatives (in particular, matchmaking) takes place as much as possible in advance of upcoming calls, therefore maximising the matchmaking potential and the chances of Beneficiary State companies to link with like-minded companies; - provide more support to Beneficiary State companies seeking to find partners in Donor States; and - step up their matchmaking efforts through the organisation of further bilateral initiatives. <p>The Donor Programme Partners should support the POs/FOs by identifying a broader range of Donor enterprises and backing the organisation and promotion of bilateral initiatives in the Donor States.</p>
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EQ11: “How and to what extent are bilateral partnerships (at programme and project level) adding value?”

Conclusions	Recommendation(s) and implementing bodies
<p>Project Promoters and Donor project partners alike draw benefits from bilateral cooperation. Feedback from these beneficiaries indicates that the possibility of establishing a bilateral partnership is attractive and thus adds value to the project and the programme as a whole.</p> <p>Establishing a partnership is not a guarantee of success, however. They often bring together partners from very different business cultures and at very different levels of technological development, without that necessarily having been well understood. EEA partners do not necessarily always understand the high expectations that the Beneficiary State companies, rightly or wrongly, have of them, or commitment that will be required. Beneficiary State companies do not always necessarily understand the implication of implementing a project with a business from another country in close partnership, which is meant to deliver different benefits to both parties, and is not just about finding new export markets or being the recipients of transfer of technology.</p> <p>The evaluators could not ascertain the conditions which determine the success of a bilateral partnership in absolute terms. The evaluators believe that the success of the partnership is highly dependent on the specific circumstances of each project. Common aims, good communication and interest to</p>	<p>16. The POs/FOs could complement the efforts to collect qualitative, data on bilateral partnerships by the inclusion of more detailed narrative on their successes (and failures) in the programmes’ APRs, as this would allow lessons to be drawn on the factors influencing the longevity of bilateral cooperation.</p>

pursue a collaboration which benefits both Donor and Beneficiary State enterprises are conducive to successful bilateral cooperation.

There is evidence to show that the **Business Innovation programmes can foster long-lasting partnerships between enterprises from the Donor and Beneficiary States.** The efforts already deployed by the FMO to capture **data on the quality of this cooperation could be complemented by the inclusion of more detailed narrative on the successes (and failures) of bilateral partnerships in the programmes' APR.** This could allow additional lessons to be drawn on the factors influencing the longevity of bilateral cooperation, which could be scaled up across the programmes.

Annexes

Annex I. Innovation programmes and focus areas

Table 5. Innovation programmes in the 2014-2021 EEA and Norway Grants

Country	Programme short name	Programme areas*	Grant (EUR) ***	Programme operator / Fund operator	Donor Programme Partner ³⁵	# Projects
Bulgaria	BG-INNOVATION	PA01	28,500,000	Innovation Norway	-	99
Croatia	HR-INNOVATION	PA01	22,000,000	Innovation Norway	-	37
Estonia	EE-INNOVATION	PA01	23,000,000	Ministry of Economic Affairs and Communications	IN	94
Greece	GR-INNOVATION	PA01	21,500,000	Innovation Norway	-	36
Latvia	LV-INNOVATION	PA01	12,500,000	Investment and Development Agency of Latvia	IN	46
Lithuania	LT-INNOVATION	PA01	14,402,000	Innovation Agency	IN	20
Poland	PL-INNOVATION	PA01	95,000,000	Polish Agency for Enterprise Development	IN	167
Portugal	PT-INNOVATION	PA01, PA02, PA03	39,000,000	Directorate General for Maritime Policy	IN, RANNIS, RCN, HK-DIR	67 (PA01 only)
Romania	RO-INNOVATION	PA01	45,000,000	Innovation Norway	-	81
Slovakia	SK-INNOVATION	PA01, PA03	20,000,000	Research Agency	IN, HK-DIR, AIBA	36
Total			320,902,000			683

* The host programme area is denoted in bold. This is the main programme area for the programme.

** The number of projects is according to the data published on GrACE, last consulted on 2 June 2023. This number is likely to change as contracting is still ongoing. The number only cover projects in PA1 and exclude those with contract status Terminated, Cancelled and Planned.

*** The amounts in the table are exclusive of any co-financing by the Beneficiary State.

Each programme covers between one and three focus areas, chosen from Green industry innovation, Blue Growth, energy, welfare technology including ambient assisted living and ICT. The table below shows the focus areas by Beneficiary State.

³⁵ Innovation Norway (IN), Research Council of Norway (RCN), The Icelandic Centre for Research (RANNIS), The Norwegian Directorate for Higher Education and Skill (HK-DIR), Agentur für Internationale Bildungsangelegenheiten (AIBA)

Table 6. Focus areas by Beneficiary State

	Green industry innovation	Blue Growth	Energy	Welfare technology	Ambient Assisted living (health)	ICT
Bulgaria	x			x		
Croatia	x	x				
Estonia	x			x		x
Greece	x	x				x
Latvia	x			x		x
Lithuania	x					x
Poland	x	x		x		
Portugal		x				
Romania	x	x				x
Slovakia	x			x	x	

Source: Tetra Tech from Programme Agreements

Intervention logic of the Innovation programmes

An Intervention logic is a model that graphically illustrates the different components of an intervention (objectives, inputs, activities, outputs, results and impacts) The diagram represents how they are expected to link with each other, what is called a results chain. It provides a blueprint for a theoretical “optimal” intervention against which the actual intervention can be assessed. This Intervention logic diagram was developed for the proposal submitted to the FMO, based on programme documentation used in the preparation of the offer. It has been validated during the inception phase following the initial desk review of supporting documentation. The Intervention logic was used to support the development of conclusion and recommendations.

Grant objective: Growth through further development of the knowledge economy					
Business Development, Innovation and SMEs objective: Increase value creation and sustainable growth					
Objectives	Inputs	Activities	Outputs	Outcomes	Impact
<p>Operational objectives</p> <p>Support</p> <ul style="list-style-type: none"> development innovative technologies, processes & services sustainable business development Greening existing businesses & processes Development and implementation of innovative products and services 	<p>Organisational</p> <ul style="list-style-type: none"> 'Innovation' Programme area agreements for a total of > EUR 320 mn with 10 beneficiary states with max. 3 focus areas Bilateral cooperation-strengthening measures <p>Financial</p> <p>Overall Programme allocation to be attributed via calls for proposals from private sector (predominantly SMEs)</p>	<ul style="list-style-type: none"> Cooperation Committee assessing implementation/Advice from Donor Programme Partner Projects promoting entrepreneurship, smart and green (including 'blue') growth implemented by private sector project partners (inc. potentially donor project partners) Bilateral cooperation through exchanges, conference attendance, partner search, networking etc. 	<ul style="list-style-type: none"> 731 projects as of 2 June 2023 Indicators in Agreements (enterprises/start-ups supported created, jobs created, training, patents filed, waste/emissions reduced, new technologies developed, new products marketed etc.) 	<ul style="list-style-type: none"> Competitiveness increased Knowledge transferred Capacity built Institutional cooperation Business partnerships 	<p>Reduced economic and social disparities</p> <p>Strengthened bilateral cooperation</p>

Annex II. Evaluation questions matrix

Issues to consider	Judgement criteria (the extent to which...)	Indicators	Data sources
Coherence			
1. To what extent are programmes and their focus areas relevant to each beneficiary states' needs and priorities and how should these look in the future?			
Consider the composition and profile of the private sector in the Beneficiary States	<ul style="list-style-type: none"> The programmes were designed and their focus areas were selected taking the beneficiary states' competitiveness strategies into account. The programmes and their focus areas were appropriate for the profile of the private sector in the beneficiary states. There are lessons to learn from the current programmes and their focus areas that should be taken into account in the design of future programmes and the selection of focus areas. 	<ul style="list-style-type: none"> POs/FOs confirm the rationale behind the scope of the programmes and the selection of focus areas Desk research and feedback from NFPs confirm that programmes and their focus areas correspond with the Beneficiary States' competitiveness strategies Mapping of private sectors in the Beneficiary States and feedback from national business associations confirm that the scope of the programmes and focus areas is appropriate Feedback from relevant stakeholders (POs/FOs, DPPs, NFPs, PPs, national business associations) highlights what works and areas for improvement and in selection of focus areas 	<ul style="list-style-type: none"> Desk research interviews with POs/FOs Interviews with NFPs/DPPs Survey of PPs In-depth qualitative research: interviews with PPs and focus groups with national business associations
2. To what extent do programmes complement or have synergies with other funding sources such as the EU, national financial institutions, and other international funding schemes?			
In relation to focus areas, consider whether programmes have found an appropriate niche in the funding environment and how they add value.	<ul style="list-style-type: none"> The programmes were designed with due account for the need not to duplicate and the potential for synergies with EU, national, regional or 	<ul style="list-style-type: none"> POs/FOs confirm whether and how other funding mechanisms were taken into account when designing the programmes and selecting focus areas, and any 	<ul style="list-style-type: none"> Desk research interviews with POs/FOs

	<p>international financial support and funding mechanisms into account</p> <ul style="list-style-type: none"> Measures were taken during implementation of the Programmes and their focus areas to avoid duplication and create synergies with other sources of finance These programmes funded activities which filled gaps in the offer of other funding schemes These programmes funded cost-effective activities which would otherwise not have found funding 	<p>measures taken during implementation to avoid duplication</p> <ul style="list-style-type: none"> Desk review of relevant EU sources highlight synergies and/or duplication and/or gaps that the Grants address Desk research and feedback from NFPs show synergies with other funding mechanisms and/or gaps that the Grants address in this context, and/or highlight areas of duplication Feedback from Project Promoters and national business associations highlights synergies, duplications and/or areas where the Grants address gaps in the current funding landscape in their Beneficiary State POs/FOs/DPPs/Project Promoters/national business associations confirm that worthwhile projects have been funded that would otherwise not have found funding 	<ul style="list-style-type: none"> Interviews with NFPs Interviews with DPPs Survey of PPs In-depth qualitative research: interviews with PPs and focus groups with national business associations
Efficiency			
3. To what extent are the programmes fit for the current institutional and administrative capacities³⁶ of the Programme Operators, Fund Operator (IN), and Project Promoters?			
<p>Consider the extent to which programmes can make effective use of the available funding, and factors that might affect this, such as the regulatory environment (“red tape”) and the Beneficiary States’ application of procurement and state aid rules</p>	<ul style="list-style-type: none"> The institutional set-up of Programme Operators, Fund Operator and Project Promoters is suited to producing the most cost-effective results The programmes do not overestimate the capacity of either the Programme Operators, Fund Operators (IN) or Project Promoters to manage the programmes 	<ul style="list-style-type: none"> POs/FOs confirm that they have institutional and administrative capacity to deliver the programmes (on time) and highlight factors that have affected the extent to which programmes can make use of the available funding Feedback from NFPs shows that the current institutional and administrative 	<ul style="list-style-type: none"> Desk research interviews with POs/FOs Interviews with NFPs Survey of PPs

³⁶ Such as time, budget, human resources (number, experience, technical qualities).

	<ul style="list-style-type: none"> • The regulatory environment has not been an obstacle to cost-effective implementation of the programmes • The Beneficiary States' procurement rules and/or the way they apply state aid rules have not been an obstacle to implementation of the programmes 	<p>capacities of the POs are sufficient to deliver the programmes</p> <ul style="list-style-type: none"> • Project Promoters confirm that they have institutional and administrative capacity to deliver the projects • Evidence that regulatory framework has not been an obstacle to effective implementation of the programmes • Evidence that procurement rules and/or ways that Beneficiary States apply state aid rules have not been an obstacle to effective implementation of the programmes 	<ul style="list-style-type: none"> • In-depth qualitative research: interviews with PPs
4. To what extent are Donor Programme Partners (DPPs) able to support and influence programme development and implementation?			
<p>Consider the role of DPPs as technical sectorial entities, advisers, and decision-makers in Cooperation Committee (CC) versus their ability to understand country context nuances.</p> <p>Consider the extent to which the DPPs safeguard the priorities of the Donors.</p> <p>Consider the extent to which the DPPs assist in assessing the quality and contribution of the Donor project partners</p>	<ul style="list-style-type: none"> • The DPPs influence programme development and implementation • The DPPs have sufficient Beneficiary State knowledge to act as effective technical sectorial entities, advisers and decisionmakers in the Cooperation Committee • The DPPs are aware of the priorities of the Donors and are proactive in safeguarding them • The DPPs are proactive and systematic in assessing the quality and contribution of the Donor project partners 	<ul style="list-style-type: none"> • Feedback from DPPs and POs/FOs shows examples of DPPs' influence in programme development and implementation • POs/FOs and NFPs find that DPPs have sufficient knowledge about Beneficiary States to act effectively in their capacity as technical sectorial entities, advisers and decision-makers or highlight areas for improvement • Feedback from DPPs shows the mechanisms and in-house expertise they employ to stay up to date on Beneficiary States' developments • Feedback from DPPs indicates that they understand the Donors' priorities, accept that they have a role in safeguarding them and have processes for achieving this • Feedback from DPPs shows mechanisms in place for the proactive and systematic 	<ul style="list-style-type: none"> • interviews with DPPs • interviews with POs/FOs • Interviews with NFPs • Survey of Donor project partners

		<p>assessment of quality and contribution of the Donor project partners</p> <ul style="list-style-type: none"> • Feedback from Donor project partners highlights support and guidance received from DPPs and satisfaction with it / areas for improvement 	
5. To what extent are the Grants accessible to different types of businesses (particularly SMEs) and are feasible to implement?			
<p>Consider project length, calls and administrative processes, the complexity and size of projects, and the capacity of businesses to implement.</p> <p>Consider the incentive effect of providing support as grant money compared to other means of support, such as financial instruments (loans, guarantees, and equity) used by other European funding sources.</p> <p>Consider if the Grants are supporting businesses at an appropriate technology readiness level (TRL).</p>	<ul style="list-style-type: none"> • The time allowed for completion of the project, call processes (dissemination of information, time allowed to prepare bids, clarity of call language), the administration processes (application process, notification of results), the complexity (or otherwise) expected of the projects and the capacity of businesses (especially SMEs, start-ups and micro-enterprises) are not a disincentive to applying for a grant. • Financial instruments, such as loan, guarantees and equity, are available from European funding sources for similar projects and potentially could leverage amounts of private sector finance, which make them more attractive to Project Promoters than grants. • The Grants are supporting projects at Technology Readiness Levels 5-8, i.e. the technology has either been validated or demonstrated in a relevant environment, a system prototype has been demonstrated in an operational environment and the system is complete and qualified. 	<ul style="list-style-type: none"> • Feedback from POs/FOs and NFPs does not show any concerns about the accessibility of the Grants to different types and size of businesses (particularly SMEs, start-ups and microenterprises) and the implementation of projects as regards project length, calls and administrative processes, complexity and size of projects, and their capacity • Feedback from POs/FOs and PPs (particularly SMEs, start-ups and micro-enterprises) and national business associations shows that time allowed for completion of the project, call processes, administration and the complexity of projects and business capacity are/were not a disincentive to applying for the Grants • Feedback from POs/FOs and PPs (particularly SMEs, start-ups and micro-enterprises) and national business associations that access to finance is overall an issue • Feedback from POs/FOs and PPs (particularly SMEs, start-ups and micro-enterprises) and national business associations see benefits or otherwise in grants rather than financial instruments/blended finance 	<ul style="list-style-type: none"> • interviews with POs/FOs • Interviews with NFPs • Survey of PPs • In-depth qualitative research: interviews with PPs and focus groups with national business associations

		<ul style="list-style-type: none"> • Feedback from POs/FOs and PPs (particularly SMEs, start-ups and micro-enterprises) and national business associations on optimum mix between financial instruments and grants, and on most effective financial instruments • Desk review and surveys highlight success factors for financial instruments and optimum mix between financial instruments and grants, and on most effective financial instruments • Feedback from PPs on whether they would have bid on the projects if the funding had involved financial instruments • Perceptions of NFPs, DPPs, POs/FOs, PPs on whether projects are at technology readiness levels 5-8. 	
Effectiveness			
6. Given the current status of implementation and the time remaining, how likely are the programmes to achieve their planned results, taking into account special concerns?			
<p>Consider the types of results likely to be achieved or not achieved, for example relating to project complexity, or soft and hard measures.</p> <p>Consider results in relation to the size of the business (SMEs vs larger companies), the size of the project grant, and length of time to implement.</p>	<ul style="list-style-type: none"> • The programmes will achieve their planned results as: <ul style="list-style-type: none"> ○ enough time remains in each country with an Innovation agreement: (a) to complete ongoing projects satisfactorily, i.e. they achieve their outputs/outcomes (b) to utilise all the funds available for calls not yet issued, irrespective of: 	<ul style="list-style-type: none"> • Feedback from NFPs, DPPs, POs/FOs, PPs on challenges to completion of the planned results (outcomes/outputs, results indicators) contained in the Annexes to the Agreements • Feedback from NFPs, DPPs, POs/FOs, PPs on challenges to budgetary absorption capacity of projects in the administrative and regulatory environment • Feedback from NFPs, DPPs, POs/FOs, PPs on extent to which certain types of challenges were more prevalent in certain types or size of business, in relation to 	<ul style="list-style-type: none"> • interviews with POs/FOs/DPPs • Interviews with NFPs • Survey of PPs • In-depth qualitative research: interviews with PPs

	<ul style="list-style-type: none"> (i) the complexity of the project, or whether the funding is for hard or soft measures; (ii) the size of the business (SMEs – micro, start-up or established; (iii) the length of time available or needed to implement the project. <ul style="list-style-type: none"> • Special concerns have been adequately considered. • Completed projects have achieved their results. 	<p>certain grant sizes and types, or in relation to projects of particular durations or types of complexity, or whether they involved hard or soft measures</p> <ul style="list-style-type: none"> • Feedback from NFPs, DPPs, POs/FOs on how and to what extent special concerns were taken into account and whether there were associated challenges 	
7. Which factors are particularly affecting the achievement or non-achievement of the planned results?			
<p>Consider the main factors causing delays for different types of projects. For instance, the choice of Programme Operator/Fund Operator, time to implement, their risk mitigation practices, and external factors (inflation, COVID-19, supply chain issues etc.).</p> <ul style="list-style-type: none"> - Consider how these factors may be better managed and mitigated in a future mechanism. 	<ul style="list-style-type: none"> • Achievement of results has been limited by internal factors that were foreseeable or have emerged over the life of the Programme, • Achievement of results has been limited by external factors that were unforeseeable or have emerged over the life of the Programme • The impact of internal and external factors could be mitigated in future by use 	<ul style="list-style-type: none"> • Feedback from NFPs, DPPs, POs/FOs, PPs on foreseeable or partially foreseeable challenges to achievement of results, e.g. the choice of Programme Operator/Fund Operator, the choice of Donor Programme Partner, too few Donor project partnership (e.g. through lack of interest of Donor project partners), lack of commitment of Donor project partners), regulatory changes, inadequate risk management • Feedback from NFPs, DPPs, POs/FOs, PPs on the effect of unforeseeable challenges to achievement of results, e.g. COVID-19, price and interest rate rises, the 	<ul style="list-style-type: none"> • interviews with POs/FOs/DPPs • Interviews with NFPs • Survey of PPs • In-depth qualitative research: interviews with PPs

		<p>Russian invasion of Ukraine, supply chain or labour supply issues as a result of these or other factors</p> <ul style="list-style-type: none"> • Feedback from NFPs, DPPs, POs/FOs, PPs on the extent to which better risk management could have mitigated the challenges, e.g. of more advanced risk mitigation or financial (e.g. cash flow management) strategies or workforce planning 	
8. To what extent have the Grants contributed to competitiveness, increased value creation and sustainable growth?			
<p>Consider how programmes are strengthening competitiveness and preparing local economies for the future business environment.</p> <p>Consider the geographic distribution of the grants within the Beneficiary States</p>	<ul style="list-style-type: none"> • Enterprises receiving funding under the programme are better equipped to compete domestically and on external markets • Grant recipients have increased their profits and/or turnover, • The emphasis on green innovation (including 'blue' growth) is contributing to equipping the local economy for the future business environment • The geographic distribution of the grants across the regions of the Beneficiary States has contributed to competitiveness, value creation and sustainable growth 	<ul style="list-style-type: none"> • Feedback from NFPs, DPPs, POs/FOs, PPs on the improvements in the offering of products and services meeting the quality standards on the local and world markets at prices that are competitive and provide adequate returns on resources employed or consumed in producing them, and/or consumers have access to an innovative or quality product which is either more competitively priced or brings them other benefits • Data on profits and turnover increases directly attributable to the grants, collected as indicators and available from POs. • Feedback from NFPs, DPPs, POs/FOs, PPs on whether the Grants have contributed to positioning the local economy better to meet the challenges of digital and green growth, and no regions have been left behind 	<ul style="list-style-type: none"> • interviews with POs/FOs/DPPs • Interviews with NFPs • Survey of PPs • In-depth qualitative research: interviews with PPs

9. How could the Grants better measure the results of 'Innovation' programmes?			
<p>Consider whether existing indicators and approaches to results measurement capture results related to business development, innovation, sustainability, and increased competitiveness, and how results may be better understood and communicated.</p>	<ul style="list-style-type: none"> • The existing indicators and the approach to results measures are working satisfactorily as a means of assessing results • There are factors relating to business development innovation, sustainability and increased competitiveness which could contribute to a better picture of achievements • There are changes that could be made to the ways in which results are collated and disseminated that could result in them being better understood and communicated 	<ul style="list-style-type: none"> • Feedback from NFPs, DPPs, POs/FOs on the current approach, on whether it provides a representative picture of results, whether there are other quantitative results which could provide a better measure of results and whether the effort involved in results measurement is proportionate • Feedback from NFPs, DPPs, POs/FOs on whether there are, e.g. measures of administrative performance, indicators relating to the green and digital transitions, to societal wellbeing and creation of an innovation culture which could be used to improve measurement of results. • Feedback from NFPs, DPPs, POs/FOs on potential improvements to collation and dissemination 	<ul style="list-style-type: none"> • Interviews with POs/FOs/DPPs • Interviews with NFPs • Expert assessment
Bilateral cooperation			
10. To what extent is the overall bilateral objective of the EEA and Norway Grants considered in programme implementation?			
<p>Consider challenges in the way bilateral cooperation is operationalised, such as the application of state aid rules, reporting, and project administration</p> <p>Consider how this could be improved in programme design in the future.</p>	<ul style="list-style-type: none"> • Donor programme partners and/or Donor project partners proactively seek to strengthen bilateral relations through programme implementational cooperation has been operationalised • The application of state aid rules, reporting requirement and project administration process are not a barrier to strengthening of bilateral relations 	<ul style="list-style-type: none"> • Results of desk research into uses of bilateral funding • Feedback from NFPs, DPPs, POs/FOs and PPs on ways in which bilateral funding has been used / bilateral cooperation has been operationalised • Feedback from NFPs, DPPs, POs/FOs and PPs on whether there were regulatory barriers to using bilateral funding or 	<ul style="list-style-type: none"> • Desk research • interviews with POs/FOs/DPPs • Interviews with NFPs • Survey of PPs • In-depth qualitative research: interviews with PPs

	<ul style="list-style-type: none"> There are improvements that could be made in programme design, either in funding amounts or provisions on access to funding for bilateral cooperation, which would better service this objective in future 	<p>exploring bilateral cooperation to the best advantage</p> <ul style="list-style-type: none"> Feedback from NFPs, DPPs, POs/FOs and PPs on alternative / additional / improved ways of strengthening bilateral relations, i.e. fulfilling the bilateral objectives 	
11. How and to what extent are bilateral partnerships (at programme and project level) adding value?			
<p>Consider both implementation and results of programmes.</p> <p>Consider ways in which bilateral cooperation could be enhanced.</p>	<ul style="list-style-type: none"> Bilateral partnerships at programme and project level are adding value through results at project and/or programme level that could not otherwise have been achieved There is good practice or there are proposals which point to ways in which bilateral cooperation could be enhanced in future 	<ul style="list-style-type: none"> Feedback / examples from NFPs, DPPs, POs/FOs and PPs on how bilateral relationships at programme and project level, e.g. results that could not have been achieved without having Donor project partners, the benefits of networking exchanges, etc., the continuation of partnerships after projects have been completed and/or institutional or business co-operation outside the scope of the programme or projects while the programme or project is ongoing 	<ul style="list-style-type: none"> Interviews with POs/FOs/DPPs Interviews with NFPs Survey of PPs In-depth qualitative research: interviews with PPs

Annex III. Selected Beneficiary States and list of visited projects

Table 7. Beneficiary States selected for in-depth assessment

Beneficiary State	Total grant (EUR)	Geography	Progress Index (GrACE)	European Innovation Scoreboard	No of projects to be sampled
Estonia	23,000,000 (average)	Northern Europe	Excellent	moderate innovator	7
Greece	21,500,000 (average)	Southern Europe	Satisfactory	moderate innovator	4
Latvia	12,500,000 (small)	Northern Europe	Satisfactory	emerging innovator	5
Poland	95,000,000 (large)	Central and Eastern Europe	Satisfactory	emerging innovator	18
Portugal	39,000,000 (large)	Southern Europe	Excellent	moderate innovator	7
Romania	45,000,000 (large)	Central and Eastern Europe	Satisfactory	emerging innovator	7
Total no of projects covered in fieldwork					48

Source: Evaluation team analysis of data on GrACE and other sources.

Table 8. Selected sample, eligible projects and total number of projects

Country	Programme short name	Count by PA 01	As 10% of total	Total eligible projects	As 22% of eligible projects	Weighted to countries with fewer projects	As % of eligible projects	As % of all projects
Estonia	EE-INNOVATION	96	10	35	8	8	23	8
Greece	GR-INNOVATION	36	4	16	4	4	25	11
Latvia	LV-INNOVATION	46	5	13	3	4	31	9
Poland	PL-INNOVATION	168	17	91	20	18	20	11
Portugal	PT-INNOVATION	67	7	31	7	7	23	10
Romania	RO-INNOVATION	81	8	33	7	7	21	9
Grand Total		494	48	219	49	48	22	10

Source: Evaluation team analysis of data on GrACE

Table 9. List of visited projects

Beneficiary State	Project number	Project title	Modality	Project Promoter	Partners	Grant amount (Euros)	Location
Estonia	EE-INNOVATION-0001	Open Cyber Range (OCR)	Pre-defined project	Estonian Ministry of Defence		3331765	Tallinn
	EE-INNOVATION-0074	Implementation of polygenic risk score guided breast cancer precision prevention	Green ICT Main Call 2	OÜ Antegenes	Oslo University Hospital, Oslo Cancer Cluster, Oslo University, and Vestre Viken Hospital Trust	761360.2	Tallinn
	EE-INNOVATION-0059	Roofit.solar process innovation for developing software and automated production line	Green ICT Main Call	Roofit Solar Energy OÜ		699913.49	Tallinn
	EE-INNOVATION-0049	Development of a marine-certified ultracapacitor modules	Green ICT Main Call	OÜ Skeleton Technologies		539767.8	Tallinn
	EE-INNOVATION-0069	AutoMVA	Green ICT Main Call	IPDx Diagnostics OÜ		449028.95	Tallinn
	EE-INNOVATION-0067	Development and launching Offur	Green ICT Main Call	Opus Online OÜ		374960	Tallinn
	EE-INNOVATION-0058	Precision forestry platform for logistics optimization	Green ICT Main Call	Timbeter OÜ		224820.9	Tallinn
Greece	GR-INNOVATION-0007	Implementing an innovative technology to remediate hazardous waste	1st Call for Proposals, Green Industry Innovation, Individual Project Scheme	INTERGEO Environmental Technology and Waste Management Ltd	No	953000	Thessaloniki
	GR-INNOVATION-0020	BUS2GREEN	2nd Call for Proposals, Green Industry Innovation, Individual Project Scheme	Indigital SA Technology & Media Intelligence	No	594000	Athens

Beneficiary State	Project number	Project title	Modality	Project Promoter	Partners	Grant amount (Euros)	Location
	GR-INNOVATION-0011	BlueHealthPass	1st Call for Proposals, ICT, Individual Project Scheme	Gnomon Informatics S.A.	SINTEF, Norway	313000	Thessaloniki
	GR-INNOVATION-0009	UNBIASED: Fact-provisioning and bias estimation tools for public inoculation against disinformation campaigns	1st Call for Proposals, ICT, Individual Project Scheme	Athens Technology Center SA	No	292000	Athens
Latvia	LV-INNOVATION-0001	Tech Business Centre (TBC)	Pre-defined project	Investment and Development Agency of Latvia	N/A	2000000	Riga
	LV-INNOVATION-0010	Introduction of an innovative and environmentally friendly product into production.	Application of green industry innovation products and technologies	NDB TIMBER		599932.02	Jekabpils
	LV-INNOVATION-0014	Automation of SIA EHT FABRIK'S Production Process	Application of ICT products and technologies	EHT FABRIK		442464	Riga
	LV-INNOVATION-0002	Implementation of the manufacture of new products at SIA CrossChem	Application of green industry innovation products and technologies	SIA CrossChem		223136.64	Riga
	LV-INNOVATION-0015	Introduction of a new cloud computing service to expand data analytics capabilities of IoT sensors and ensure continuity of service (SAF Aranet Cloud Analytic)	Application of ICT products and technologies	SAF TEHNIKA	SINTEF, Norway (For some part of the project)	338047.09	Riga
Poland	PL-INNOVATION-0002	Implementing an innovative process of waste reduction in the form of processing of mixed scrap metal wastes including electronic wastes.	Call for proposals in green industry innovation	Firma Usługowo-Handlowa HOLDMAR Szymański Sławomir	No	727,306.55	Otwock
	PL-INNOVATION-0004	Implementation of the Independent Living service based on innovative technologies that improve the quality of life of the elderly	Call for proposals in welfare technologies	M.Sobczak-Solarska MSCG Sp. z o.o.	NO ISOLATION, Norway	1963971.07	Lublin

Beneficiary State	Project number	Project title	Modality	Project Promoter	Partners	Grant amount (Euros)	Location
	PL-INNOVATION-0012	Implementation of an innovative technological process of preparing the raw material for furniture production with simultaneous waste recycling	Call for proposals in green industry innovation	FIRMA WIELOBRANŻOWA DREWDOM MARCIN ŚWIERCZ	No	415,812.52	Końskie
	PL-INNOVATION-0025	The use of an innovative, environmentally friendly technology of fast, multicolour, high-volume printing to improve the company's competitiveness.	Call for proposals in green industry innovation	OFICyna WYDAWNICZA "READ ME" WŁODZIMIERZ BIŃCZYK SPÓŁKA JAWNA	No	1,000,000.00	Łódź
	PL-INNOVATION-0035	Implementation of innovative solutions in manufactured machines by introducing a new technological process of cutting and bending machine components	Call for proposals in green industry innovation	ZM JABŁONSKI SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOŚCIĄ	No	513,243.10	Mińsk Mazowiecki
	PL-INNOVATION-0038	Ecological modernization of the production process	Call for proposals in green industry innovation	ELKAT Spółka z ograniczoną odpowiedzialnością spółka komandytowa	Avitron, Norway	307,567.32	Grodzisk Mazowiecki
	PL-INNOVATION-0062	Development and implementation of innovative mobile applications to support people with diabetes and Hashimoto's disease.	Small Grants Schemes for female enterprises	DIETLABS MEDTECH SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ	No	186,572.87	Poznań
	PL-INNOVATION-0072	Implementation and development of a new service and an improved production process using green technologies at Fol-druk Flexo.	Small Grants Schemes for female enterprises	FOL-DRUK FLEXO SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ	No	199,857.90	Płock
	PL-INNOVATION-0073	Increased competitiveness of Wastech Recycling sp. z o.o. through the use of an innovative fertilizer	Call for proposals in green industry innovation	Wastech Recycling spółka z ograniczoną odpowiedzialnością	International Development Norway SA, Norway	998,686.64	Zambrów

Beneficiary State	Project number	Project title	Modality	Project Promoter	Partners	Grant amount (Euros)	Location
		production technology based on digestate substances from biogas plant installations.					
	PL-INNOVATION-0081	Development and implementation of an innovative system enabling two-way communication between residents of nursing homes and their families.	Small Grants Schemes for female enterprises	PERSON INVESTMENTS SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ	No	155,265.79	Dąbrowka
	PL-INNOVATION-0085	Development of innovative services in the treatment of periodontal disease and laser therapy in the elderly.	Small Grants Schemes for female enterprises	Kinga Grzech-Leśniak Specjalistyczne Centrum Stomatologiczne		199,883.05	Kraków
	PL-INNOVATION-0029	Increased competitiveness of SOURCETECH Bohdan Drzymała by developing and introducing to the market an innovative service based on technologies, improving the quality of life of the most vulnerable social groups, and in particular the elderly.	Call for proposals in welfare technologies	SOURCETECH	No	1,969,946.19	Przemysł
	PL-INNOVATION-0095	Implementation of an ecological process of the production of wooden floors as a chance to improve the competitiveness of LARECO Mikołaj Zińczuk enterprise.	Call for proposals in green industry innovation	LARECO MIKOŁAJ ZIŃCZUK	No	512,396.08	Siemiatycze
	PL-INNOVATION-0099	Development and implementation of an innovative nano-learning based video platform for women excluded from the labour market.	Small Grants Schemes for female enterprises	MAXROY.EDU SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ	No	179,957.14	Poznan

Beneficiary State	Project number	Project title	Modality	Project Promoter	Partners	Grant amount (Euros)	Location
	PL-INNOVATION-0101	Development and market implementation of a line of innovative cosmetic products and household cleaning products,	Call for proposals in green industry innovation	KRZYSZTOF MISIEWICZ	Seaweed Solutions, Norway	428,030.66	Świączyń
	PL-INNOVATION-0104	Implementation of environmentally friendly technologies in Sztynort yacht port.	Call for proposals in blue growth	KING CROSS DEVELOPMENTS sp. z o.o.	InErgo, Norway	1,000,000.00	Warsaw
	PL-INNOVATION-0118	Eco-friendly electric trolley bag supporting shopping for elderly people	Small Grants Schemes for female enterprises	Design Team sp. z o.o.		197,990.01	Warsaw
	PL-INNOVATION-0015	Innovation in the area of port services - STRANDA sp. z o.o.	Call for proposals in blue growth	STRANDA	No	780,073.57	Etcki
Portugal	PT-INNOVATION-0006	ERGOMARINE	Call nr #1 – Business, development, innovation and SMEs	ERNESTO SÃO SIMÃO LDA	No	446734	Maia
	PT-INNOVATION-0010	CoMap - Cooperative Autonomous Multi-Vehicle Mapping System	Call nr #1 – Business, development, innovation and SMEs	OCEANSCAN - Marine Systems & Technology, Lda	No	499744	Leça da Palmeira
	PT-INNOVATION-0013	DoMAR - Development of Microalgae Advanced Resources	Call nr #1 – Business, development, innovation and SMEs	Pagarete Microalgae Solutions Sociedade Unipessoal Lda.	No	499402	Lagos
	PT-INNOVATION-0015	PrecisAqua	Call nr #1 – Business, development, innovation and SMEs	MATEREOSPACE Lda		301083	Coimbra
	PT-INNOVATION-0004	SeaForester	Call nr #3 – Resource Efficiency of Enterprises	CASULO UNIPessoal LDA		202938	Cascais
	PT-INNOVATION-0062	Disruptive solution for waste volume measurement	SGS#1 - Initiatives for business growth in startups	Geomodel - 3D Modelling Studio LDA.	Klapper (Iceland), EL MEC (Italy)	136386.95	Lisbon
	PT-INNOVATION-0024	SøIKelp	Call nr #1 – Business, development, innovation and SMEs	ALGApplus – Produção de Algas e Seus Derivados, LDA		495433	
Romania	RO-INNOVATION-0033	Greening onshore drilling operations to increase competitiveness and	Call for proposals 2 (Norwegian FM) - Green	SC FORAJ SONDE Videle S.A. ("FSV")		1720000	Videle

Beneficiary State	Project number	Project title	Modality	Project Promoter	Partners	Grant amount (Euros)	Location
		decrease environmental impact	Industry Innovation, Blue Growth and ICT				
	RO-INNOVATION-0021	Bio-Based Circular Solutions To Decarbonize The Local Economy	Call for proposals 2 (Norwegian FM) - Green Industry Innovation, Blue Growth and ICT	Promateris SA		744000	Ilfov
	RO-INNOVATION-0007	Whizzer	Call for proposals 1 (EEA FM) - Individual Project Scheme-Green Industry Innovation, Blue Growth and ICT	BUSINESS INFORMATION SYSTEMS (Allevo) SRL	Bakken and Baeck, Norway	535000	Bucharest
	RO-INNOVATION-0011	Smart MicroGrid Controller	Small grant scheme for focus areas Green Industry Innovation, Blue Growth and ICT	Societatea de Inginerie Sisteme SIS SA	NORCE, Norway	115000	Bucharest
	RO-INNOVATION-0016	Superior energy efficiency, less emissions and improved recycling in furniture production	Call for proposals 2 (Norwegian FM) - Green Industry Innovation, Blue Growth and ICT	EXPO MOB SRL	Noveltex, Norway	315000	Tulcea
	RO-INNOVATION-0015	Increasing the capacity for Trip Trap chair and modernizing the infrastructure related	Call for proposals 2 (Norwegian FM) - Green Industry Innovation, Blue Growth and ICT	Sortilemn SA		443000	Cluj
	RO-INNOVATION-0018	Investment in a new, eco-friendly ceramic coatings production line at Cemacon	Call for proposals 2 (Norwegian FM) - Green Industry Innovation, Blue Growth and ICT	Cemacon SA		1900000	Cluj

Annex IV. List of interviews and focus group participants

Type	Organisation	Position
Scoping interviews	FMO – Evaluation and Results Management	R&E Officer
	FMO – Business Development, Innovation and SMEs	Policy Sector Officer & Programme Manager
	FMO – Bilateral Relations	Bilateral Officer
	Innovation Norway – Fund Operator / Donor Programme Partner	Programme Director for EEA Norway Grants Programme Director for Romania and Bulgaria
National Focal Points	Estonian State Shared Service Center (SSSC EE)	EEA Norway Grants Coordinator
	Ministry of Finance (Latvia)	Deputy Director for Innovation Policy (Entrepreneurship Competitiveness Department) Senior Expert (EU Funds Investments Management Department, EEA, Norway and Swiss Investments Division)
	Ministry of Finance (Lithuania)	Chief Specialist (Investment Department)
	Department of Assistance Programmes, Ministry of Development Funds and Regional Policy (Poland)	Head of Unit
	National Management Unit (Portugal)	Head of National Focal Point EEA Grants
	Ministry of Investments, Regional Development and Informatization of the Slovak Republic (Slovak)	Officer (Strategic Action Unit, EEA and Norway Grants Department)
Donor Programme Partners	Norwegian Directorate for Higher Education and Skills	Senior Adviser
	The Icelandic Centre for Research - Rannís	Senior Adviser (International team of the Research and Innovation Division)
	The Research Council of Norway	Special Adviser
Programme / Fund Operators	Ministry of Economic Affairs and Communications (Estonia)	Head of Foreign Cooperation Division
	Greece - Innovation Norway	Director
	Investment and Development Agency of Latvia	Head of Business & Innovation programme of Norwegian Financial Mechanism Department
	Polish Agency for Enterprise Development	Expert, Department for Coordination of Programme Implementation
	Romania - Innovation Norway	Programme Director for EEA Norway Grants Programme Director for Romania
	Directorate General for Maritime Policy (Portugal)	EEA Grants Blue Growth Programme Manager
Focus groups / Interviews with business associations	Estonia	Tartu Science Park Estonian Chamber of Commerce and Industry Baltic Innovation Agency Enterprise Europe Network in Estonia
	Greece	Athens Chamber of Commerce and Industry

		Small Enterprise Institute (IME GSEVEE) Hellenic Institute of Enterprises
	Latvia	The Business Union of Latvia Latvian Forest Industry Federation
	Poland	Fundacja Kaliski Inkubator Przedsiębiorczości (the Kalisz Business Incubator Foundation) Agencja Rozwoju Regionalnego w Koninie (Regional Development Agency in Konin) Rzeszowska Agencja Rozwoju Regionalnego (the Rzeszów Regional Development Agency)
	Portugal	Agência Nacional de Inovação (National Innovation Agency)
	Romania	North-East Regional Development Agency Magurele Science Park Granarii Association

Annex V. References/list of documents

Publication Year	Source or Document Name
Concept notes Innovation Programmes	
2019	Business Development, Innovation and SMEs - Latvia
2019	Business Development, Innovation and SMEs - Lithuania
2018	Business Development, Innovation and SMEs - Estonia
2018	Business Development, Innovation and SMEs - Greece
2018	Business Development, Innovation and SMEs - Croatia
2018	Business Development, Innovation and SMEs - Poland
2017	Business Development, Innovation and SMEs - Bulgaria
2017	Business Development, Innovation and SMEs - Portugal
2017	Business Development, Innovation and SMEs - Slovakia
Documents from GrACE	
Various	Memorandums of Understanding (MoUs)
	Programme agreements
	Annual programme reports and periodic financial reports for all the programmes
	FMO risk assessment for each programme - Previous monitoring reports (commissioned by the FMO)
	Project-level information
Evaluation and monitoring reports	
2022	Mid-term evaluation of the EEA and Norway Grants green programmes (2014-2021)
2022	Interim Evaluation of the European Economic Area and Norwegian Financial Mechanisms for Lithuania in the Programming Period 2014 - 2021
2022	External Monitoring of the programme SK-Innovation
2022	"Competitiveness" programme in Estonia (EE-INNOVATION)
2021	Monitoring Report: Monitoring of the pre-defined project under the "Business Development, Innovation and SMEs" Programme in Latvia
2020	Assessment of the Programme Development Approach
Operational guidance	
	Regulation on the implementation of the European Economic Area (EEA) Financial Mechanism 2014-2021 (2023 amended)
	Best practice on project selection procedures – EEA and Norwegian Financial Mechanisms 2014 -2021
	Check list for calls for proposals, 2014 - 2021
2021	Results Guidelines - Rules and Guidance on how to design, monitor and evaluate programmes, manage risks, and report on results
	EEA Results Portal, Available at: https://data.eeagrants.org/2014-2021/
Other reports	
2023	Kristin Dalen, Åge A. Tiltnes, Selma S. F. Yssen. The Effects of the EEA and Norway Grants 2004 –2021

Annex VI. Progress on Outcomes and Outputs in selected Beneficiary States

Beneficiary State	Outcome / Output	Targets achieved or exceeded as of Q3 2023*
Estonia	Outcome 1: Increased competitiveness of Estonian companies within focus areas Green Industry Innovation, ICT and Welfare Technology	3/9
	Output 1.1:Enterprises supported to develop or apply innovative green products, services and processes	1/6
	Output 1.2:Enterprises supported to develop innovative ICT products, services and processes	0/4
	Output 1.3:Enterprises supported to develop innovative welfare products, services and processes	2/3
	Output 1.4:Open Cyber Range (OCR) is operational	0/2
	Output 1.5:Health Sense data management platform developed and operating	0/5
	Bilateral Outcome: Enhanced collaboration between beneficiary and donor state entities involved in the programme	4/5
	Bilateral Output 1:Bilateral partnerships supported	0/2
Greece	Outcome 1:Increased competitiveness for Greek enterprises within the focus areas Green Industry Innovation, Blue Growth and ICT	0/9
	Output 1.1: Enterprises supported to develop innovative green technologies, processes, solutions, products or services	2/5
	Output 1.2: Enterprises supported to green their business operation	0/2
	Output 1.3:Enterprises supported to develop and/or implement innovative technologies, processes, solutions, products or services based on blue resources	4/5
	Output 1.4:Enterprises supported to improve industrial processes, products or services with ICT solutions	0/2
	Output 1.5: Enterprises supported to develop innovative ICT technologies, solutions, processes, products and services	1/2
	Output 1.6:Enterprises supported to improve capacity for business development	0/4
	Bilateral Outcome: Enhanced collaboration between beneficiary and donor state entities involved in the programme	3/6
	Bilateral Outputs 1, 2 and 3	0/3
Latvia	Outcome 1:Increased competitiveness for Latvian enterprises within the focus areas green industry innovation, ICT and welfare technologies	0/9
	Output 1.1:Enterprises supported to develop innovative green products or technologies	2/3
	Output 1.2:Enterprises supported to develop innovative ICT products or technologies	1/3
	Output 1.3:Enterprises supported to develop innovative welfare products or technologies	1/2
	Output 1.4:Tech Business Centre established	2/6
	Bilateral Outcome: Enhanced collaboration between beneficiary and donor state entities involved in the Programme	0/4
	Bilateral Outputs 1 and 2	1/2
Poland	Outcome 1:Increased competitiveness of enterprises within the focus areas of green industry innovation, blue growth and welfare technology	0/10
	Output 1.1:Enterprises supported to increase their green innovation potential	3/3
	Output 1.2:Enterprises supported to increase their blue growth potential (the environment in marine and inland waters areas)	1/3
	Output 1.3:Enterprises supported to increase their innovation potential in welfare technologies	0/3
	Output 1.4:Female enterprises supported in the programme focus areas (green industry innovation, blue growth, welfare technologies)	2/4

Beneficiary State	Outcome / Output	Targets achieved or exceeded as of Q3 2023*
	Bilateral Outcome: Enhanced collaboration between beneficiary and donor state entities involved in the programme	0/4
	Bilateral Output 1: Donor partnership projects supported	1/1
Portugal	Outcome 1: Increased competitiveness for Portuguese enterprises within the focus area of Blue Growth	5/8
	Output 1.1: Enterprises supported to develop innovative products/ technologies/ processes for the Blue Growth sector	2/2
	Output 1.2: Enterprises supported to commercialized innovative products/ technologies/ processes for the Blue Growth sector	1/2
	Output 1.3: Enterprises supported to apply innovative blue technologies/ processes/ solutions (new-to-the enterprise)	2/2
	Output 1.4: Increased cooperation between enterprises and research institutions	4/4
	Output 1.5: Start-ups supported for business growth in the Blue Growth sector (SGS)	1/1
	Output 1.6: Enterprises supported to improve capacity for business development (SGS)	0/3
	Outcome 2: Resource efficiency of enterprises in Marine Sector increased	0/3
	Output 2.1: Enterprises supported to green their business operations through circular economy	1/2
	Outcome 3: Enhanced performance of Portuguese research organizations	1/6
	Output 3.1: Facilitated learning mobility between BS and DS researchers	1/1
	Output 3.2: Links between research institutions and enterprises developed	1/1
	Output 3.3: Improved coordination between existing infrastructures and research groups (Atlantic Observatory) (PDP 2)	3/5
	Output 3.4: Development of new marine or maritime technologies, processes or services	1/1
	Output 3.5: Increased data gathering capacity of "Mar Portugal" research vessel (PDP 3)	0/1
	Outcome 4 : Education, training and cooperation in marine and maritime issues enhanced	2/4
	Output 4.1: Education and training on marine and maritime subjects provided in schools	5/6
	Output 4.2: Cooperation activities on marine and maritime topics implemented	2/2
	Output 4.3: Awareness-raising activities on ocean literacy carried out (SGS) – non-formal education	1/1
	Output 4.4: Provision of nautical sports activities to young people (SGS)	1/1
	Output 4.5: Training on maritime issues in Escola Superior Náutica Infante Dom Henrique ENIDH (PDP 1)	1/4
	Bilateral Outcome: Enhanced collaboration between beneficiary and donor state entities involved in the programme	0/4
	Bilateral Output 1: Increase the actions of cooperation under the Programme Blue Growth	2/2
Romania	Outcome 1: Increased competitiveness for Romanian enterprises within the focus areas Green Industry Innovation, ICT and Blue Growth	2/15
	Output 1.1: Enterprises supported to develop innovative green technologies, processes, solutions, products or services	4/7
	Output 1.2: Enterprises supported to green their business operations	0/2
	Output 1.3: Enterprises supported to improve industrial processes, products or services with ICT solutions	0/2
	Output 1.4: Enterprises supported to develop innovative ICT technologies, solutions, processes, products or services	2/5

Beneficiary State	Outcome / Output	Targets achieved or exceeded as of Q3 2023*
	Output 1.5: Enterprises supported to develop innovative technologies, processes, solutions, products or services based on blue resources	0/7
	Output 1.6: Start-ups supported for business growth	0/1
	Output 1.7: Enterprises supported to improve capacity for business development	0/5
	Bilateral Outcome: Enhanced collaboration between beneficiary and donor state entities involved in the programme	3/6
	Bilateral Outputs 1, 2 and 3	0/3

Source: Evaluation team analysis of data on GrACE.

*The data may not be fully representative of the results achieved to date as relies on data correct as of the start of 2023, while most projects are not yet completed..

Annex VII. Profiles of respondents to the surveys

Project Promoter survey

Figure 15. Survey of PPs - Type of respondent

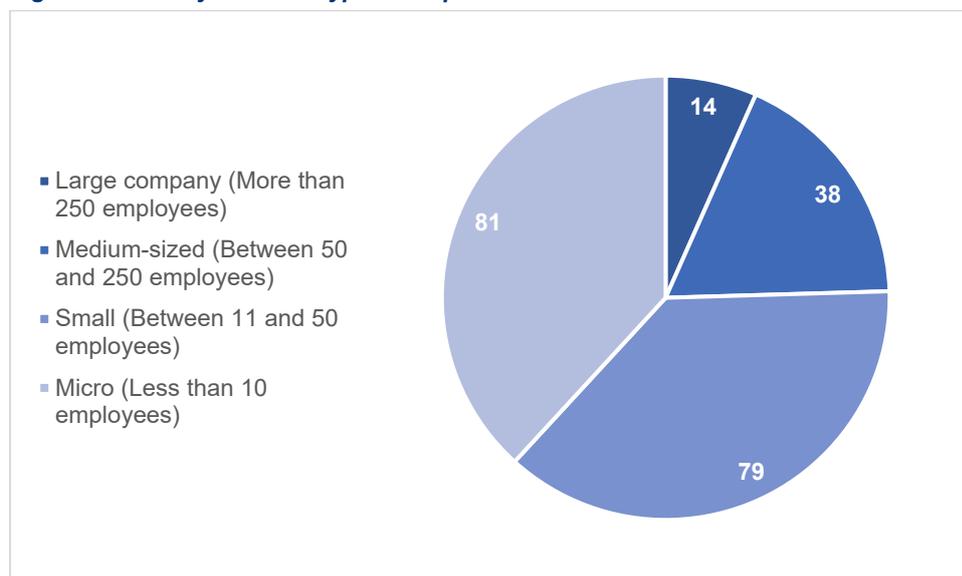


Table 10. Survey of PPs - Geographic spread of those who received funding

Beneficiary State from which respondent applied for Business Innovation programmes funding	Number
Lithuania	0
Estonia	8
Slovakia	8
Latvia	11
Greece	17
Croatia	22
Portugal	27
Romania	37
Poland	40
Bulgaria	42
TOTAL	212

Table 11. Survey of PPs - Grant size

Grant size	Number
More than EUR 2,000,0000	3
EUR 1,600,000 to EUR 1,999,999	7
EUR 1,000,000 to EUR 1,599,999	12
EUR 600,000 to EUR 999,999	27
EUR 200,000 to EUR 599,999	71
EUR 199,999 or less	92
TOTAL	212

Table 12. Survey of Donor project partners - Geographical spread of respondents

Beneficiary State in which the project is implemented	Number
Bulgaria	4
Croatia	1
Estonia	5
Greece	1
Latvia	5
Lithuania	0
Poland	1
Portugal	3
Romania	2
Slovakia	2
TOTAL	24

