

Annual Programme Report  
EEA Financial Mechanism 2009-2014 Programme “National Climate Policy”  
Reporting year – 2015

Checklist questions before submitting the Annual Programme Report	YES	NO
Does the executive summary serve as a stand-alone document?	X	
Does this report provide analyses on how activities so far have contributed to progress towards targeted results using agreed output and outcome indicators?	X	
Have successful bilateral achievements been highlighted?	X	
Have all the sections in the Annual Programme Report been addressed, including any relevant horizontal concerns?	X	

### 1. Executive summary

During 1<sup>st</sup> half of 2015 Latvia held the Presidency of the Council of the European Union (hereinafter – EU). Latvia defined following presidency’s priorities in the field of climate - international climate change negotiations, strengthening of the EU emission trading system and development of further steps of 2030 Climate and Energy framework and several relevant steps have been made towards improving EU and international climate policy. The Programme measures will help to prepare for the new climate change commitments.

In the I and II quarter 2015 project contracts were signed and implementation of projects started within open call “Emission reduction technologies including renewable energy, sustainable buildings and technology development” (hereinafter – open call). All project contracts were signed by the 29 May 2015. According to the selection results 5 project contracts were signed in support area 1 “Implementation of energy efficiency measures and installation of renewable energy technologies by performing construction of low energy buildings, as well as reconstruction of existing buildings” and 2 project contracts were signed in support area 3 “Establishment, testing and demonstrating of innovative products and technologies for the reduction of greenhouse gas (hereinafter – GHG) emissions in non-emissions trading system”, however in support area 2 “Use of renewable energy technologies for heat and electricity production” project contracts were not signed due to lack of qualitative applications.

In the I and II quarter 2015 also project contracts were signed and implementation of projects started within small grant scheme “Capacity Building in the Field of Research and Measures for Enhancing Society’s Understanding about Climate Change and its Consequences” (hereinafter – small grant scheme). All project contracts were signed by the 4 June 2015. According to the selection results 12 project contracts were signed in support area 1 “Measures to enhance society’s understanding and knowledge on climate change” and 6 project contracts were signed in support area 2 “Capacity building through applied research on mitigation of climate change”.

During the reporting year good progress has been made towards achievement of Programme output and outcome indicators since implementation of small grant scheme and open call projects started. However, this progress is not yet visible taking into account that output and outcome indicators will be achieved after completion of projects by the end of 2016. Within framework of pre-defined project „Development

of Proposal for National Adaption Strategy, including Identification of Scientific Data, Measures for Adapting to Changing Climate, Impact and Cost Evaluation” (hereinafter – ADAPT pre-defined project) and pre-defined project “Development of the National System for Greenhouse Gas Inventory and Evaluation and Reporting on Policies, Measures and Projections” (hereinafter – INVENT pre-defined project) also were made considerable progress and several activities were completed, e.g. 3 flood risk maps were developed, 2 studies for inventory improvement were completed, as well as 2 seminars and 2 educational events for sectoral experts were organized.

Programme Operator (hereinafter – PO) sees the risk that not all defined target indicators will be achieved in full amount taking into consideration that according to selection results of open call, 2 of planned 3 project applications on innovative low carbon technologies are being implemented and no projects related to the renewable energy technologies were selected. The small grant scheme output target on implemented 7 researches on climate research methodologies, indicator systems and horizontal issues also will not be achieved in full amount.

Programme has made good contribution to strengthening bilateral relations since most of the Programme’s projects are implemented in cooperation with institutions from Donor States. Both pre-defined projects have Norwegian partners, 4 of 7 open call projects are implemented in cooperation with project partner from Donor States (Norway) and 14 of 18 small grant scheme projects have partners from Donor States (Norway). Additionally, in year 2015 the Project Promoters of INVENT and ADAPT pre-defined projects organized 2 events under Fund for Bilateral Relations, aimed at sharing experiences and transfer of the good practice in the areas of peat use, peatland restoration as well as coastal planning. Additionally, as a result of PO and DPPs partnership promotion activities 20 partnership projects instead of 13 are being implemented within Programme.

The main challenge for Programme was timely implementation of all projects and Programme activities. The FMO informed on possibility for exceptional extension of the final date of eligibility of selected projects for improving results of the Programmes on 26 May 2015. PO and the Agency carried out assessment of the project applications for extension of the final date of eligibility and identified that several projects have faced unforeseen problems, e.g. delay of signing of project contracts due to the different circumstances (negotiations with credit institutions, delays of signing partnership agreements), complexity of public procurement procedures and within open call also delays in construction works. The PO harmonized with Donor Programme Partners (hereinafter – DPP) the list of 12 projects that should be included in application for granting extension. On 13 October PO received FMO’s decision for granting extension to all 12 projects until 30 April 2017 thus extending final date of eligibility of Programme until 31 December 2017. This extension will considerably contribute towards improving results in the implementation of Programme and projects.

## 2. Programme area specific developments

### **Latvian Presidency of the Council of the EU**

#### **Climate Change Negotiations**

Within the 1st half of 2015 Latvia coordinated the work of the EU towards the Paris Climate Change Conference (December 2015) where the 2015 climate agreement was adopted. Latvian Presidency facilitated preparatory process within the EU and provided support as necessary in international climate negotiations to allow achieving progress. Latvia led the work of the EU in two inter-sessional meetings during the first half of 2015 (February 8 – 13 in Geneva, Switzerland and June 1 – 11 in Bonn, Germany).

The Latvian Presidency organized several political debates within the Environmental Council, which provided further guidelines of the international climate change issues. On the 6<sup>th</sup> of March Environment Ministers adopted the EU’s submission on the EU’s post-2020 emission reduction contributions (or the so-

called INDC submission). The EU was the first of the major economies to submit its INDC, which is a good achievement also by the Latvian Presidency.

The Latvian Presidency organized the work on preparing the submissions to be sent to the UNFCCC Secretariat and published on behalf of the EU and its 28 Member States. In total, 13 submissions were prepared, including a submission on capacity building, research and systematic observation of climate change, common metrics for greenhouse gases, downscaling regional information on climate change scenarios, reporting on financial information and others. Additionally, during UNFCCC sessions in Geneva and Bonn the Latvian Presidency organized and chaired 28 bilateral meetings with negotiating groups and individual countries and also several smaller bilateral expert group meetings where organized. In total, 49 bilateral expert meetings with experts from countries outside the EU were held during the sessions.

#### **Establishment of the Market Stability Reserve**

The Latvian Presidency ensured successful and active work on the Market Stability Reserve proposal and secured an agreement in the Council and between the Council and the European Parliament. It was a priority for the Latvian Presidency to establish the Market Stability Reserve in order to improve the operation of the carbon market in the EU.

The agreement reached is an important achievement in the EU climate and energy policy, as it will allow an optimal functioning of carbon market, stimulating investment in green technologies, energy efficiency and use of renewable energy, thus contributing to the reduction of greenhouse gas emissions. Moreover, the agreement paves the way for the wider review of the EU ETS.

#### **Reform of the EU Emissions Trading System**

The EU ETS will be reformed and strengthened. A 43% greenhouse gas reduction target in 2030 in the ETS translates into a cap declining by 2.2% annually from 2021 onwards, instead of the rate of 1.74% up to 2020.

The European Council underlined that a reformed, well-functioning ETS with an instrument to stabilise the market in line with the Commission's proposal will be the main instrument to achieve greenhouse gas emission reductions. In July 2015 the EC published a proposal for amendment of the Directive on the EU ETS.

#### **Compliance with the 1<sup>st</sup> Period Targets of the Kyoto Protocol**

Latvia successfully ensured meeting of the Kyoto Protocol's 1<sup>st</sup> period targets and secured the overall reduction of the GHG emissions by 58% in 2012 compared to the 1990 level. Latvia also fulfilled all the commitments regarding the retirement of the Kyoto units within the True-up period in the amount of the GHG emissions emitted in the period 2008-2012. Latvia also has submitted the True-up period report to the UNFCCC Secretariat and the EU Commission in the set time-frame. Therefore Latvia is fully in compliance with its commitments under the Kyoto Protocol.

#### **The Paris Agreement**

During the 2<sup>nd</sup> half of 2015 the work focused on the Climate Change Conference in Paris (November 30 – December 12). On December 12 Parties to the United Nations Framework Convention on Climate Change (UNFCCC) adopted a new treaty (Paris Agreement) on addressing the global threat of climate change after 2020. The Paris Agreement is universal and legally binding, it secures that all Parties will be obliged to prepare, communicate, maintain successive nationally determined contributions that they intend to achieve. It also obliges Parties to communicate their nationally determined contributions every five years. For Latvia and the EU in general it means that not only the EU and its Member States will have to reduce greenhouse gas emissions, but also other major emitters will be obliged to do something (which is nationally determined) to mitigate climate change.

The Paris Agreement establishes a common transparency framework for all, with built-in flexibilities for least capable Parties. All Parties under the Paris Agreement will be obliged to provide regularly their national inventory reports of anthropogenic emissions by sources and removals by sinks of greenhouse

gases and also they will be obliged to provide information necessary to track the progress made in achieving their nationally determined contributions.

The Paris Agreement recognizes the important role of adaptation for the first time in the history of climate negotiations. One part of the overall purpose of the Paris Agreement is to increase the ability to adapt to the adverse impacts of climate change and to foster climate resilience. The Paris Agreement contains a separate global goal on adaptation.

#### **Preparation of the Latvian Low-carbon Development Strategy**

So far Latvia has begun to develop its long-term (until 2050) low-carbon development strategy as set in the Regulation (EU) No 525/2013 of the European Parliament and of the Council of 21 May 2013. References to low-carbon strategy have been made also in the UNFCCC decision 1/CP.16 and the new Paris Agreement as essential prerequisites to mitigating climate change. To complement the low-carbon development strategy a study on low-carbon development in the Baltic sea region (BALLOON) was conducted using funding available in the EU Strategy for the Baltic Sea Region Seed Money Facility.

#### **Ensuring Public Participation and Stakeholder Dialogue**

The Ministry of Environmental Protection and Regional Development (hereinafter - MoEPRD) is actively working together with the NGOs and other stakeholders, ministries, governmental and municipal institutions as well as with the education sector in preparing Latvia's policy regarding fulfillment of the climate change mitigation commitments. In 2015 MoEPRD participated in several seminars where it presented the main issues and challenges in the field. In 2016 5 regional seminars are planned to inform the public about Latvia's low carbon development strategy.

#### **Raising Public Awareness of Climate Change-related Issues**

The MoEPRD contributed to raising public awareness of climate change-related issues by participating in the annual international Power Industry, Energy Efficiency, Infrastructure and Environmental Technology Fair "Environment and Energy" on 15-18 October 2015 in Riga. The Fair presented solutions for energy efficiency, environmental technology and infrastructure, as well as promoted efficient use of renewable energy resources.

The MoEPRD exhibition stall presented information about climate change, sustainable development and relevant financial instruments. To facilitate public participation topical questionnaires, opinion polls and games for education and fun were available. The MoEPRD stall displayed a newly-developed visual identity design to be used also in the future as a symbol for climate-change related issues in Latvia.

#### **The New Energy Union Governance**

In November 2015 the TTE Council approved the conclusions on Energy Union Governance setting as mandatory the development, coordination and approval by the European Commission of the National Energy and Climate plans for the period 2021-2030 as well as requiring biennial reporting on the progress of the fulfilment of actions and measures set in the plans.

Reaching both the abovementioned goals requires integrating climate policy objectives into sectoral policies. Latvia is looking forward to introducing specific actions in all levels of national and local government, businesses and society to facilitate that the climate policy is inclusive and integrative. Consequently, many activities in the pre-defined projects help to prepare documents for integrated climate change mitigation and adaptation as well as help to implement it. Activities within the open call and small grant scheme contribute towards achievement of the defined commitments.

### 3. Reporting on outputs

#### **Open call**

The Programme outputs will be achieved by implementing 2 pre-defined projects, one open call and one small grant scheme.

The Programme outputs of the open call are:

- Number of energy efficiency projects implemented – 3;
- Level of energy consumption assessed for buildings as result of implementation of energy saving technologies does not exceed 25 (kWh/m<sup>2</sup>/year);
- Average planned emission savings calculated (t/CO<sub>2</sub>/year) – from 300 to 500;
- Number of innovative low carbon technologies projects implemented – 3.

The following support areas are defined within the open call:

1. Implementation of energy efficiency measures and installation of renewable energy technologies by performing construction of low-energy buildings, as well as reconstruction of existing buildings;
2. Use of renewable energy technologies for heat and electricity production;
3. Establishment, testing and demonstrating of innovative products and technologies for the reduction of GHG emissions in non-Emissions Trading System.

Open call project contracts were signed during I and II quarter of 2015. As a result 5 energy efficiency projects – construction of low energy buildings are being implemented. 3 of low energy buildings will be sports halls aimed at improving sports infrastructure in Jelgava, Ādaži and Nīca. 1 building will be business support center – library aimed at demonstrating energy efficient passive house from environmentally friendly CO<sub>2</sub> neutral materials as a solution for municipality buildings and improving business environment in Aloja county. 1 building will be science and technology museum aimed at expanding operation of the museum of science and technology “Kurzemes Democentrs” by constructing a low energy building, as well as implementing and demonstrating to the greater public the principles of using renewable sources of energy. The output indicator for level of energy consumption assessed for buildings as result of implementation of energy saving technologies will not exceed 25 kWh/m<sup>2</sup>/year, even more it is expected that in those 5 buildings, level of energy consumption will not exceed 15 kWh/m<sup>2</sup>/year.

The output target of support area II on the average planned emission savings (from 300 – 500 t/CO<sub>2</sub>/year) will not be achieved considering that insufficient amount of renewable energy project applications were submitted and according to the selection results no projects were approved in this support area due to lack of quality in these project applications. To improve results in the implementation of the Programme and taking into account high level of interest and qualitative project applications the Selection Committee was able instead of 3 low energy building projects approve 5 low energy building projects under support area I.

The output target indicator of support area III on the 3 innovative low carbon technologies projects cannot be achieved in full amount since only two project applications on implementation of innovative low carbon technologies were approved. 1 project is aimed at developing innovative and effective biomass gasification technology systems to replace imported natural gas in the existing natural gas boilers with local renewable energy source - biomass. Another project is aimed at creating energy efficient technology for polycrystalline production process.

#### **Pre-defined projects**

In the framework of ADAPT pre-defined project it is planned to develop climate change and impact scenario for 2050 – 2100 and 13 reports on indicators, risks and adaptation measures, but within framework of INVENT pre-defined project it is planned to achieve all outputs related to Outcome 2.

In order to develop climate change scenarios for Latvia within ADAPT pre-defined project, historical and present climate data were selected and prepared (temperature, precipitation, wind). Work has been started on the climate change scenario development for Latvia – creation of the climate change information database and creation of guidelines for evaluating the impacts of future climate on the different sectors.

Work on development of flood risk maps for Lielupe, Gauja and Venta rivers' basin districts (3 reports) have been completed in 2015. The mapping results are being used to upgrade the Flood Information System. In order to ensure mitigation and cost-efficient adaptation to the impact of climate change in maritime areas and coastal waters, almost all works for development of Maritime Spatial Plan have been completed. Currently there is ongoing public consultation process on spatial plan (1 indicator). The Inter-ministerial adaptation group has been created to assist on climate risk identification in chosen fields and improve experts work. Work on development of the Climate Change Web Portal technical specification is also almost completed and preparatory work for the development of the Web Portal has started with the aim to promote public participation and access to information about climate change and adaptation policy.

In the framework of INVENT pre-defined project 2 studies for inventory improvement have been carried out, namely, "Estimation of soil carbon stocks in cropland and grassland" and "Quality control and quality evaluation in land use, land-use change and forestry, as well as in the industrial sectors". These studies now provide the previously incomplete/unavailable data and/or procedures in the relevant sectors, thus directly improving the quality of data available for the preparation of the national GHG inventory report.

In 2015 also 2 educational events for sectoral experts were carried out. Knowledge exchange seminar "Model system and guidelines in policy evaluation" was organized in Norway for experts involved in the national inventory system for policies and measures, and projections. 2015 also marked an important milestone for international monitoring, reporting and verification with the adoption of the Paris agreement at COP21. The involved experts had the possibility to participate in the negotiations during the conference and take note of the important reporting decisions being made. In the framework of the project, a side-event on GHG inventory as the basis for policy planning was organized, with the participation of experts from Estonia and Lithuania. This helped to exchange knowledge on how climate policies are being developed and how important the role of a sound GHG inventory system is in this regard.

Additionally, 2 knowledge and experience sharing seminars were carried out – 1 seminar in Norway (Training about uncertainty evaluation) and 1 in Latvia (Training about QC/QE procedures, land use, land-use change and forestry sectors, F-gases). One more seminar will be carried out in Latvia, during the 1<sup>st</sup> half of 2016 (Experience exchange event about climate changes policy evaluation). These seminars have provided a possibility to share knowledge on the practices for preparing both partner countries' inventory reports and discuss and compare the precision and availability of data. In addition, partner countries had the possibility to discuss the existing climate policy frameworks of each country, especially regarding the preparation of GHG emission projections.

### **Small grant scheme**

The Programme outputs of the small grant scheme are:

- developed 4 professional educational program modules on climate change adaptation;
- carried out 12 information and planning events (seminars and campaigns);
- implemented 7 researches on climate research methodologies, Indicator systems and horizontal issues.

The following support areas are defined within the small grant scheme:

1. Measures to enhance society's understanding and knowledge on climate change:
  - 1.1. Awareness raising through developing educational programme modules and developing and organizing of learning courses on climate changes;

1.2. Organizing of educational projects and informative campaigns to enhance society's understanding and knowledge on climate changes;

2. Capacity building through applied research on mitigation of climate change.

Small grant scheme project contracts were signed during the I and II quarter 2015. As a result 8 projects on development of professional educational program modules on climate change adaptation will be implemented. Different projects will be implemented in order to improve knowledge on climate change of pupils, students, entrepreneurs, as well as representatives of state institutions and local governments.

The output target on organizing of 12 educational and informative campaigns to enhance society's understanding and knowledge on climate changes will be achieved by implementing 4 projects where broad scale awareness raising activities (also in radio, TV and newspapers) are planned.

The output target on implemented 7 researches on climate research methodologies, indicator systems and horizontal issues will not be achieved in full amount. According to the selection results, there was sufficient financing only to finance 3 research projects, therefore the PO agreed with NFP and FMO and provided necessary amendments in Programme agreement and National regulations on reallocation of financing from approved Programme management budget to small grant scheme budget to finance 3 more research projects thus improving achievement of Programme results. After reallocation of financing 6 research projects are being implemented within small grant scheme. Researches are being developed on following issues - how climate change affects specific species of plants and natural phenomena, as well as researches that analyses impact of different anthropogenic processes to climate change.

#### 4. Reporting on Programme outcome(s)

##### Outcome 1

Within Outcome 1, it is planned to achieve Outcome standard indicator – development of proposal for adaptation strategy in national level and Outcome custom indicator - increased state institution, local municipality's and public awareness on climate change and adaptation issues by 30%. The Outcome 1 should be achieved by successfully implementing the ADAPT pre-defined project's activities and reaching planned targets of output indicators within small grant scheme.

Development of Policy proposal for National Adaptation Strategy will be based on the Project research results: existing and potential scientific data for adaptation monitoring system, measures of the most vulnerable sectors, developed climate change impact scenarios, integrated mitigation and adaptation measures. These results of the research studies will provide the knowledge base for development of proposal of National Adaptation Strategy and help to identify future research needs and administration priorities. Researches, developed educational programme modules and seminars and campaigns will contribute towards increasing society's awareness on climate change and adaptation issues.

Within small grant scheme informative campaigns have started and a number of different events were organized in 2015 to enhance society's understanding and knowledge on climate change. For example, public events to inform about usage of electric transport, proper waste sorting, building renovation, seminars and discussions about energy efficiency, opportunities for reduction of the GHG emission in households. Additionally, seminars about possibilities for reduction of the GHG emission in small and medium-sized enterprises and experience exchange between municipalities were organized. Most of the training materials for study programs and modules are already prepared, but approbation is planned in I quarter 2016.

It is planned to achieve outcome indicators by the end of 2016.

<b>Outcome 1: Developed strategies and measures for adapting to a changing climate</b>				
<b>Outcome Standard Indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>Achieved in 2015</b>	<b>Achieved in total</b>
Number of adaptation strategies developed at national level	0	1	0	0
<b>Outcome Custom Indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>Achieved in 2015</b>	<b>Achieved in total</b>
Increased state institution, local municipality's and public awareness on climate change and adaptation issues (%)	0	30	0	0
<b>Output 1: Developed proposal for national adaptation strategy</b>				
<b>Output indicators</b>	<b>Baseline</b>	<b>Target</b>	<b>Achieved in 2015</b>	<b>Achieved in total</b>
Developed climate change and impact scenario for 2050 - 2100	0	1	0	0
Developed reports on indicators, risks and adaptation measures	1	13	3	3
<b>Output 2: Improved capacity on climate change research</b>				
<b>Output indicators</b>	<b>Baseline</b>	<b>Target</b>	<b>Achieved in 2015</b>	<b>Achieved in total</b>
Implemented researches on climate research methodologies, indicator systems and horizontal issues	0	7	0	0
<b>Output 3: Enhanced society's knowledge about climate change</b>				
<b>Output indicators</b>	<b>Baseline</b>	<b>Target</b>	<b>Achieved in 2015</b>	<b>Achieved in total</b>
Developed professional education programme modules on climate change and adaptation.	0	4	0	0
Information and planning events (seminars and campaigns) carried out	0	12	0	0

## **Outcome 2**

Within Outcome 2, it is planned to achieve Outcome standard indicators – improved system for environment monitoring by increasing amount of national GHG inventory improvements from 50% to 85% and increased quality and sufficient amount of information of the national GHG projections, measures and the policy evaluation reports from 30% to 70%. The Outcome 2 will be achieved by successfully implementing the INVENT pre-defined project.

In 2015 good progress has been made in several activities, thus moving towards the target outcome. For example, the integrated database for climate change and air quality data aggregation for preparing reports for different international institutions, complicated procurement procedure has ended and the work on development of the database started. The database will ensure enhanced availability and higher quality of data for the preparation of the national GHG inventory, thus taking into account the recommendations given by international auditors and consequently improving the system for environment monitoring.

In 2015 2 out of 4 planned studies for inventory improvement have already been concluded, and the remaining 2 are in their final phase. These studies will directly impact the quality and availability of data to be used in the integrated database, since the studies cover the sectors where improvements in data



accessibility are especially needed, as well as improve the quality of existing GHG emission data for the preparation of future national GHG inventories.

By having carried out 2 (1 remaining in early 2016) educational events for sectoral experts from institutions involved in the national system for policies and measures, and projections, experience and awareness has been gained in order to develop a proposal for the most suitable model system for climate change mitigation policy evaluation, including guidelines for cost assessment of different policy measures, as well as ex-ante and ex-post policy assessment. This model system will help to improve the quality of the information for preparing national GHG projections as well as evaluating measures.

Regarding the achievement of Outcome 2 the PO does not see relevant risks that can affect achievement of planned target indicators. It is planned to achieve outcome custom indicators in the beginning of 2017.

<b>Outcome 2: Improved environmental information on impact, status and trends</b>				
<b>Outcome Custom Indicators</b>	<b>Baseline</b>	<b>Target</b>	<b>Achieved in 2015</b>	<b>Achieved in total</b>
Improved system for environment monitoring by increasing amount of national GHG inventory improvements (%)	50	85	0	0
Increased quality and sufficient amount of information of the national GHG projections, measures and the policy evaluation reports (%)	30	70	0	0
<b>Output 1: Improved greenhouse gas inventory system</b>				
<b>Output indicators</b>	<b>Baseline</b>	<b>Target</b>	<b>Achieved in 2015</b>	<b>Achieved in total</b>
Conferences, training seminars, and other experience sharing events carried out to increase the capacity of Latvian inventory experts	0	5	2	4
Developed integrated database for climate change and air quality data aggregation for preparing reports for different international institutions	0	1	0	0
Implemented studies undertaken for inventory improvement	0	4	2	2
<b>Output 2: Improved quality of ex-ante and ex-post evaluation of climate change policy measures</b>				
<b>Output indicators</b>	<b>Baseline</b>	<b>Target</b>	<b>Achieved in 2015</b>	<b>Achieved in total</b>
Developed model system for climate change mitigation policy evaluation, including guidelines for cost assessment of different policy measures, and ex-ante and ex-post policy assessment	0	1	0	0
Carried out educational events for sectoral experts from institution involved in the national system for policies and measures, and projections	0	3	2	2
Developed unified data tool for greenhouse gas projection preparation for international reporting	0	1	0	0

### Outcome 3

Within Outcome 3 it is planned to achieve Outcome standard indicator - expected annual decrease of GHG emissions 4300 t/CO<sub>2</sub>/year. The Outcome 3 shall be achieved by reaching all planned targets of output indicators within open call.

Construction of low energy buildings includes installation of renewable energy technologies and experience exchange with donor partners. All these buildings are setting examples for sustainable buildings, low carbon dioxide solutions and energy efficient technologies. Projects on development of innovative low carbon technologies and processes are with large potential to save GHG emissions in the production process and energy production from biomass.

Regarding the achievement of Outcome 3, after the signing open call project contracts the PO sees that 2 of planned 3 project applications on innovative low carbon technologies were approved and no projects related to the renewable energy technologies were selected, therefore it is highly possible that defined outcome targets within open call will not be achieved in planned amounts.

Within outcome 3 no target indicators are yet achieved considering that construction of buildings and development of innovative energy efficient technologies are not completed. In 2015 construction of 4 buildings started, but 1 project had construction delays due to public procurement problems. It is planned that construction of all 5 buildings will be finished by the end of 2016. Also both innovation projects will be finished during 2016, therefore it will be possible to have more precise results on achieved indicators only after these projects will be completed.

Outcome 3: A less carbon-dependent economy				
Outcome Custom Indicator	Baseline	Target	Achieved in 2015	Achieved in total
Expected annual decrease of greenhouse gas emissions (t/CO <sub>2</sub> /year)	0	4300	0	0
Output 1: High energy saving building technologies implemented and demonstrated				
Output indicators	Baseline	Target	Achieved in 2015	Achieved in total
Energy efficiency projects implemented	0	3	0	0
Level of energy consumption assessed for buildings as result of implementation of energy saving technologies (kWh/m <sup>2</sup> /year)	195	25	0	0
Output 2: Renewable energy projects implemented				
Output indicator	Baseline	Target	Achieved in 2015	Achieved in total
Average planned emission savings calculated (t/CO <sub>2</sub> /year)	300	500	0	0
Output 3: Low carbon technologies developed and demonstrated				
Output indicator	Baseline	Target	Achieved in 2015	Achieved in total
Innovative low carbon technologies demonstrated within the programme	0	3	0	0

## Progress on horizontal concerns

The Programme is contributing towards developing a comprehensive national climate policy and improved adaptation and mitigation measures that does not exclude any social groups and will positively affect all society, however Programme activities does not directly contribute towards Roma inclusion and/or any of the other horizontal concerns related to fundamental values such as promoting tolerance, multicultural understanding, respect for the rights of minorities including combatting hate speech, extremism, racism, xenophobia, homophobia, anti-semitism, sexual harassment, violence against women and trafficking. Programme and projects activities are implemented in a way that does not exclude any member of society due to mentioned horizontal concerns. It is worth to mention that sport hall and rehabilitation facilities in Jelgava is aimed for children with special needs, thus promoting sports accessibility for children with physical and mental development derangements.

## 5. Project selection

Project selection within open call and small grant scheme concluded at the end of 2014. As a result 18 projects were selected within small grant scheme and 7 projects were selected within open call. More detailed information on approved projects and their impact on Programme outputs and outcomes please see in section 3 “Reporting on outputs” and section 4 “Reporting on Programme outcome(s)”.

## 6. Progress of bilateral relations

### Strengthened bilateral relations

During reporting year within INVENT pre-defined project, 3 knowledge and experience sharing seminars were carried out - 2 in-Norway (training about uncertainty evaluation and knowledge exchange event about model system and guidelines in policy evaluation) and 1 in Latvia (training about QC/QE procedures, land use, land-use change and forestry sectors, F-gases). One more seminar will be carried out in Latvia, during the 1<sup>st</sup> half of 2016 (experience exchange event about climate changes policy evaluation). Norwegian experts have also expressed their appreciation for gaining useful insight in the experience of Latvian experts in GHG inventory related questions.

Additionally, in 2015, NEA also provided their input to the project activities “QC/QE in land use, land-use change and forestry sectors” and “evaluation of QC/QE procedures in industrial sector, including a study for improvement of F-gases reporting” result analysis and evaluation. In 2016 two more Norwegian partner contributions are foreseen, namely, in overview about Latvia uncertainty analysis and report results and development of guidelines and cost-benefit analysis. Cooperation between Latvian and Norwegian QC/QE experts can be mentioned as an especially positive example, which has great potential for further collaboration after completion of project.

In 2015, MoEPRD as ADAPT pre-defined Project Promoter in cooperation with project partner discussed issues for further progress in the implementation of project activities and potential Norwegian partners’ involvement and contribution as well as the planned publicity events and experience exchange seminars. It is planned that during 2016 Norwegian Directorate for Civil Protection (hereinafter - DSB) will provide their input to climate change and impact scenario development, flood risk and impacts modeling, maritime spatial plan development, vulnerability and risk assessment and adaptation measures and development of policy proposal for adaptation strategy. Cooperation between the Latvian and Norwegian experts within ADAPT project can be mentioned as an especially positive example which has a great potential for further collaboration (even after completion of project).

Partnership between Aloja county council and open call project's "Business support centre – library "SALA" of Aloja county" partner Våler district council is one more good cooperation example. Norwegian partner participated in publicity event (opening conference) and during construction provides consultations on energy efficiency. It is planned to build a long-term cooperation between both institutions.

It is also worth to mention cooperation between Riga Technical University Institute of Energy Systems and Environment and projects partner University of Bergen. Project partner will help with their experience and knowledge in relation to integration of the planned study program theme, teaching methods, preparation of methodological and training materials for improving achievement of small grant scheme project "Development of a training course and study program module „Socio-economic aspects of the climate technology for bioeconomy sector" results. Project partners' academic staff will also be involved as guest speakers and it is planned that long-term cooperation between both universities will be established.

### **The bilateral fund**

In 2015 3 events in the framework of bilateral relations fund were organized. INVENT pre-defined Project Promoter organized the seminar "Peatland management in the context of GHG emission inventory – Norway case" on 3 – 4 November 2015. The aim of the seminar was to share experiences in the areas of peat use, peatland restoration and the connected GHG emission aspects in Norway and Latvia. Issues such as the normative regulation of the sector, related scientific researches (including on GHG emission data), as well as the most topical issues for the sector and their possible solutions were discussed. The seminar provided a possibility to share knowledge on the topics discussed, as well as to establish new contacts with the Norwegian Institute of Bioeconomy Research (NIBIO), and to identify potential issues for further Nordic-Baltic collaboration (i.e. on organic soil emission factors), thus it can be concluded that aim of the event was achieved.

Within Fund for Bilateral Relations the ADAPT pre-defined project Project Promoter in cooperation with the Norwegian Environment Agency (hereinafter - NEA) on 6 – 7 October 2015 organized an experience exchange event on the topic "Providing sea and coastal connection, climate change risks and adaption strategy determination". The aim of the experience exchange event was to transfer the good practice of NEA and implement it in Latvian national sea and coastal planning, which is based on knowledge of the ecosystem approach. Experts exchanged knowledge and experience on development and implementation of integrated sea management plan in Norway, inter-institution cooperation between ministries and agencies, legal framework and sea-coast inter-linkage. Norwegian experts were introduced to Latvian sea spatial planning system, its development and implementation stages, related legislation, sea spatial plan development process, coast spatial development scenarios and ecosystem approach in developing these plans. As a result 8 Latvian and 7 Norwegian experts shared valuable experience in sea and coastal planning in both countries.

In September 2015 Jelgava City Council started implementation of bilateral experience exchange measures with project partner Norway Inland Energy Agency for improving results of open call project "Energy Efficient Measures for Sustainable Buildings in Jelgava". The partner visited Latvia in November 2015, inspected the construction object and prepared recommendations on efficient use of technologies of renewable energy resources and construction methods and technologies. At the final stage of the project the partner's experts will prepare recommendations for maintenance of the new-built low energy building.

### **Cooperation between PO and DPP**

The Programme is implemented in cooperation with 2 DPPs – NEA and DSB. In 2015 Cooperation Committee (hereinafter – CC) meeting in Latvia and CC meeting in Norway were organized. During the meetings Programme implementation progress as well as in 2<sup>nd</sup> CC meeting extension of the final

date of eligibility of projects were discussed. Additionally, in Latvia the participants of the meeting visited Project Promoter and in Norway DPPs organized site visits to several climate research institutions that provided possibility to transfer experience of Norway in climate change projection, warning systems, climate change mitigation and adaptation as well as development of technologies. As good PO and DPPs cooperation example is also an interim assessment seminar on 20 November 2015 in Riga and Ādaži. During organization of seminar DPPs provided consultations and at the seminar DPPs addressed audience giving their impressions on common cooperation between Latvia and Norway. The audience was introduced to the already achieved as well as the planned results. Examples of 3 small grant scheme projects and 2 open call project were presented. Participants were introduced to the importance of e-mobility and the need for a sustainable environmental policy promotion activities for small and mid-sized enterprises, as well as the development of the bio-economy model for sustainable use of biological resources. Also, participants were introduced into efficient running of the construction of a sports hall in Ādaži and innovative biomass gasification technology development for obtaining syngas.

### 1. Extent of cooperation

It is planned to achieve bilateral indicators by successfully organizing experience exchange events within Fund for Bilateral Relations and strengthening bilateral relations between Latvian and Donor States institutions through implementation of donor partnership projects within open call and small grant scheme. During the year 2015 as a result of open call and small grant scheme 13 partnership agreements in civil society and 5 partnership agreements in public sector were signed. The total number of signed partnership agreements considerably exceeds planned results, which can be explained by PO and DPPs active promotion of partnership between Latvia and Donor States' institutions. However, number of partnership agreements in public sector is by 2 partnership agreements lower than it was planned. It could be explained that within small grant scheme civil society is more active in both countries.

Additionally, 7 articles were published in Project Promoters' websites, where 4 articles were about working visits to Norway, 2 articles were about experience exchange events with Norwegian institutions and 1 article was about Norwegian partner and its contribution in project implementation. In 2015 additional professional networks between Latvian and Donor States' institutions were not established, since Project Promoters were busy by commencement of implementation of projects and promoting partnership with project partners. In 2016 Project Promoter – Jelgava City Council is planning to establish professional networks and PO is planning to promote fund for bilateral relations and networking between Latvia's and Donor States' institutions during 2016.

Bilateral indicators				
Indicator	Baseline	Target	Achieved in 2015	Achieved in total
Number of project partnership agreements in beneficiary civil society	0	4	13	13
Number of project partnership agreements in beneficiary public sector	0	9	5	7
Number of professional networks between institutions in beneficiary and Donor States established and operational	0	11	0	0
Number of articles published in one country about the other partner country	0	15	7	7

Within open call, where 7 project applications were accepted, 4 of projects are being implemented in cooperation with project partner from Donor States (Norway). Most of the partners provide consultations on low energy buildings and technologies (see Chart.1.).

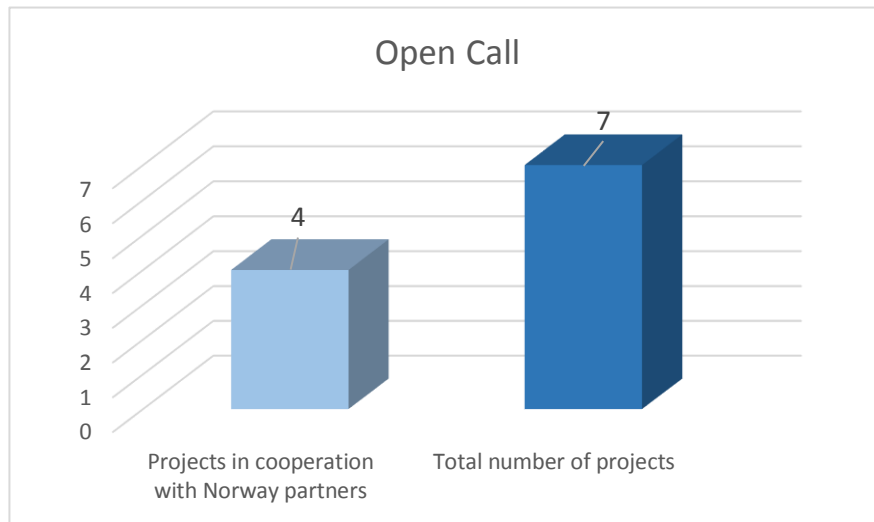


Chart. 1. Open call donor partnership

Chart. 2. shows the distribution by the Donor partners institutions status within open call. All 4 Donor partners have different institutional status – 1 partner is state institution, 1 partner is local government, 1 partner is research institution and 1 partner is private enterprise.

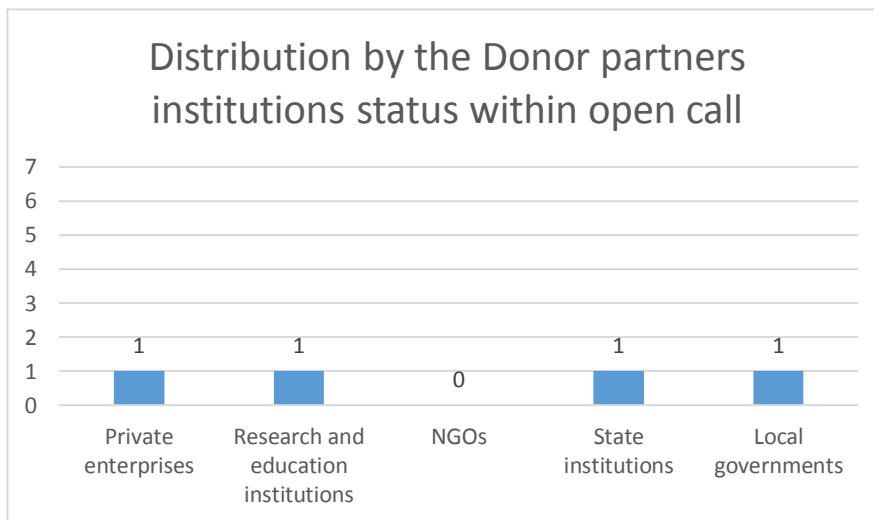


Chart. 2. Distribution by the Donor partners institutions status within open call

Within Small grant scheme 14 out of 18 accepted projects are being implemented in cooperation with project partner from Donor State – Norway (see Chart 3.). Partners are contributing in sharing their experience on promoting such environmental friendly solutions as e-mobility and waste management as well as research and study modules.

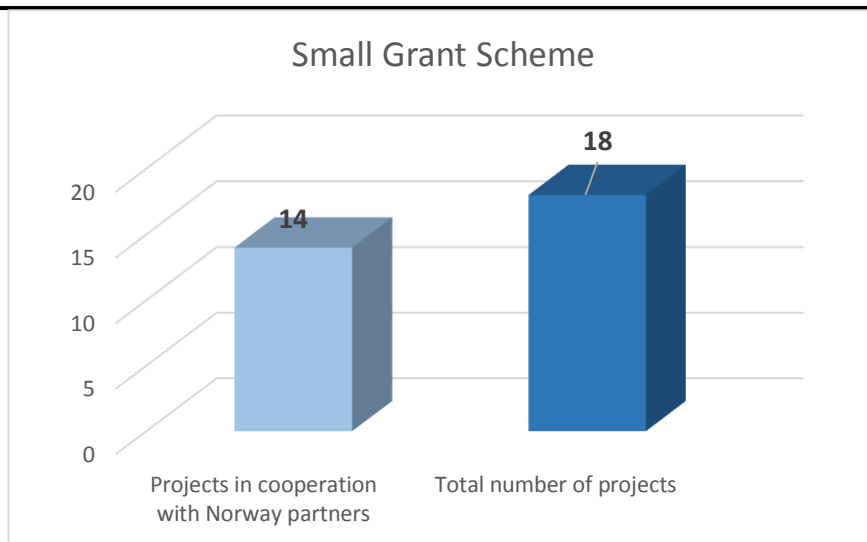


Chart. 3. Small Grant scheme Donor Partnership

Chart. 4. Shows the distribution by the Donor partners institutions status within small grant scheme. Most of the Donor project partners institutions are research and educational institutions and NGOs, which means that Programme is contributing towards strengthening bilateral relations in civil society between Latvia and Norway.

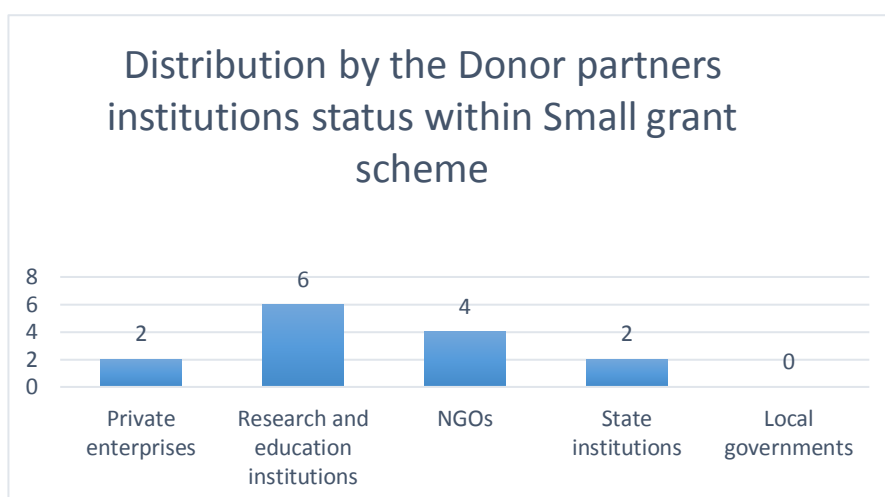


Chart. 4. Distribution by the Donor partners institutions status within small grant scheme

## 2. Shared results

One of the activities within the INVENT pre-defined project envisages the development of a climate policy evaluation model - climate change decreasing policy evaluation modelling system including guideline elaboration/development, costs evaluation for different climate change policy event implementation and ex-ante (predictable) and ex-post (current) policy evaluation. In this regard, a special seminar on modelling systems were organized, wherein the Norwegian experts presented the technical options and possibilities of the model used by Norway. The Norwegian example and the discussions dedicated to this topic have helped to develop an idea of the most suitable model for Latvia's situation.

As part of the experience exchange seminars, both partners had the possibility to learn more about each country's specifics in preparing GHG inventories, as well as their efforts in reaching the 2030 emissions reduction target. In this regard, the Norwegian colleagues could also gain insight in the architecture of climate policy of the EU, since Latvia is meeting its emission reduction targets as a member state of the EU.

With regard to the bilateral fund event on peatland management, a shared necessity was identified as part of the discussions – namely, the possible establishment of a cooperation network for Nordic and Baltic countries, in order to share experience with a special focus on organic soils and their related GHG emission factors.

Within the framework of the ADAPT project is established network and experience sharing between MoEPRD and Norwegian partner DSB. This cooperation is very important for development of the Latvia's National Adaptation Strategy.

Overall conclusion on results from the partnership within open call and small grant scheme will be possible after projects will be completed in 2016.

### **3. Improved knowledge and mutual understanding**

The interim assessment seminar on 20 November 2015 provided possibility to bring together PO, DPPs, Project Promoters, project partners, as well as H.E. Ambassador of Royal Norwegian Embassy to Latvia Mr Steinar Egil Hagen and assess the already achieved and the planned results. During the event publicity of Programme and EEA Grants was promoted and good practice examples within open call and small grant scheme were provided.

The INVENT project has ensured the building of capacity of Latvian GHG inventory experts, thus contributing to a successful implementation of GHG inventory system requirements of the EU and the United Nations. The knowledge and experience sharing events that have been organized in the framework of the project have contributed to discovering new viewpoints and possibilities to approaching GHG inventory system related issues, and these events have ensured an enduring collaboration between Latvian and Norwegian experts.

Mutual understanding and professional cooperation with Estonian colleagues, Donor States' experts and Latvian experts from MoEPRD and Latvian Environment, Geology and Meteorology Centre attended were strengthened in seminar organized in Tallinn "Estonia in the year 2100 – warm or icy Nordics?" (September 2015). This was a contribution to the completion of „Estonian National Climate Change Adaptation Strategy and Action Plan for 2030“ draft, similar to Latvian situation, financed within the framework of EEA Grants programme of Estonia „Integrated Marine and Inland Water Management“ project „Elaboration of Estonia's Draft National Climate Change Adaptation Strategy and Action Plan“.

### **4. Wider effect**

Following the successful cooperation within the activities already carried out, it was decided to set up an additional event in the framework of the project – namely, the project partners in collaboration with Lithuanian and Estonian experts organized a side-event on GHG inventory as a basis for climate policy planning, which took place on 30 November 2015 as an official EU side-event during the 21<sup>st</sup> session of the Conference of the Parties (COP21) of the United Nations Framework Convention on Climate Change (the Paris Climate Change Conference). This initiative proved that the effects of the project can reach outside the originally intended scope of mainly the GHG inventory expert level of both partner countries.

Within the framework of the bilateral fund event "Providing sea and coastal connection, climate change risks and adaption strategy determination", successful cooperation was continued between MoEPRD and NEA experts. In 2016, within the framework of the project further cooperation with NEA experts is planned. Norwegian experts will provide their input to the consultations and peer-review report of Maritime spatial plan.



## Complementary action

During reporting period PO participated in three complementary actions – one in Portugal and two in Poland. In September PO participated in networking and study tour “Water management in Alentejo region” in Portugal, which was organized for all EEA Grants Adaptation POs. The study tour gave valuable information on one of the largest and most complex water supply systems in Europe. Participants of the study tour had the possibility to see vulnerability of the environment and envisage that it is more efficient to invest timely in preventive measures to fight climate change. During the event new contacts for further cooperation in the field of climate were established, as well previously established cooperation were strengthened. This experience exchange event gave deeper understanding about water management, supply systems and solutions for the drought-stricken regions, and the water supply system’s impact on the environmental and regional development.

The study tour and conference “Together for the Environment” – EEA and Norway grants for an environmental education” in Poland provided a broad insight into the implemented environmental education and public awareness projects in Poland and also similar activities in Lithuania, Norway and Iceland. Also Project Promoter of small grant scheme had the opportunity to share Latvia’s experience on environmental education issues and present some innovative ideas such as the Nature Concert Hall or a performance on climate change issues. In November PO participated in conference on renewable energy sources and the study visit in Poland where experience of Norway, Sweden and Poland was shared and latest renewable technologies and possible future developments were presented. During the conferences in Poland, contacts were established with representatives from EEA Donor States – Norway and Iceland, as well as EEA Beneficiary States – Poland and Lithuania.

## 7. Monitoring

The project monitoring and control functions are carried out by the Agency. To provide monitoring of Programme there is requirement that Project Promoters shall submit a progress report on project implementation each four months and one final report following project completion. 4 interim progress reports and payment requests for each pre-defined project were submitted in 2015. Inventory pre-defined project’s 2<sup>nd</sup> progress report and payment request was verified and approved on 24 February 2015, 3<sup>rd</sup> on 16 July 2015, 4<sup>th</sup> on 27 October 2015. Adaptation pre-defined project’s 2<sup>nd</sup> progress report and payment request was verified and approved on 15 April 2015, 3<sup>rd</sup> on 7 July 2015, 4<sup>th</sup> on 2 December 2015. 5<sup>th</sup> project reports were submitted on December 2015 and will be verified and approved in I quarter 2016.

Risk analysis and process of monitoring visits are described in the Agency’s projects management procedure and in NFP guidelines for on-the-spot verifications. According to risk analysis that was done in 2015, both pre-defined projects are to be considered as medium risk projects. In order to verify whether pre-defined Project Promoters are implementing the projects according to the regulation, requirements of normative acts regarding the Programme implementation and project contract, the Agency carried out monitoring visit of ADAPT pre-defined project on 25 November 2015, and monitoring visit of INVENT pre-defined project on 26 November 2015. Agency verified compliance of supplies and services, as well as supporting documents and payment requests. Conclusion for both monitoring visits was positive – the activities were implemented in accordance with the project application and regulations, no shortages were identified.

Open call’s and small grants scheme’s projects risk analysis is updated every 6 months. According to 1<sup>st</sup> risk analysis that was done within 20 days after signing project contract, all small grants scheme’s projects are to be considered as low risk projects, two open call’s projects are considered as medium risk projects, five – as low risk projects. The Agency foresee to monitor each year all high risk projects, not less than

30% of medium risk projects and 5% of low risk projects of open calls. Next risk analysis is planned in I quarter 2016.

During 2015 it was planned to carry out monitoring visit to Aloja County Council Open Call project "Business support centre – library "SALA" of Aloja county" to verify 2<sup>nd</sup> Project report's expenditures and documents. As the project implementation was delayed due to unsuccessful procurement procedure, no expenditures occurred during year 2015, monitoring visit is planned in I quarter 2017. Thus Agency carried out monitoring visit of open call's Nica municipality project "Low energy consumption building „Nicas sports hall" construction in Nica municipality" on 11 December 2015, with the aim of monitoring of documents that verify expenditures on project's 2nd project report. Conclusion for monitoring visit was positive – the activities and construction works were implemented in accordance with the project application and technical documentation. It was also planned to carry out monitoring visits to Jelgava City Council and NGO "Green Liberty" in IV quarter 2015. As submission of interim reports was delayed, Agency carried out monitoring visit of open call's Jelgava City Council's project "Energy Efficient Measures for Sustainable Buildings in Jelgava" and small grant scheme's NGOs "Green Liberty" project "Climate education for all" in January 2016, to verify supporting documents and payment requests for current interim reports.

## 8. Need for adjustments

On 4 March 2015 the FMO approved proposed changes in Programme Agreement related to reallocation of financing from Programme management budget to small grant scheme budget as well as output indicator "total emission reduction calculated (t/CO<sub>2</sub>/year)" was removed taking in account that it duplicated exactly the same outcome custom indicator. Additionally, the final date of the Programme was extended to 31 December 2017 and necessary amendments in Programme agreement were made and entered into force on the 9 December 2015.

PO also had consultations with NFP on possibility to change targets according to results of open call and small grant scheme. The NFP had an opinion that amendments are not necessary taking into account that some of defined indicators targets could be achieved by justified and well-grounded reasons.

## 9. Risk management

During year 2015 the PO ensured monitoring for the 7 risks that were identified by the Programme risk management work group – cohesion risks: (1) non-fulfilment of Programme outputs and outcomes and (2) political and legislative changes; bilateral risk (3) low participation of target groups in implementation of activities of Fund for Bilateral Relations; risks related to operational issues (4) insufficient financial flow, (5) personnel changes, (6) delay of implementation of Programme measures (7) the risk of lack of capacity for projects monitoring and signing of project contracts.

In January 2015 risk management group assessed the likelihood and consequence of the risks and updated Programme risk list and risk management plan. Highest risks were related to short time for project implementation, delays of implementation of Programme measures and possible non-fulfilment of Programme outputs and outcomes. To mitigate these risks Agency in cooperation with PO provided monitoring of projects and provided consultations for Project Promoters.

After the FMO informed about possibility for exceptional extension of the final date of eligibility of selected projects on 26 May 2015, the NFP in cooperation with PO developed evaluation criteria for granting extension to Project Promoters. PO and the Agency informed about possibility to apply for receiving extension of final date of eligibility in justified cases and carried out assessment of the project applications for extension of the final date of eligibility. The PO harmonized with DPP the list of 12

projects that should be included in application for granting extension and PO received FMO decision's for granting extension for all 12 projects on 13 October.

After FMO decision in October the risk management work group reviewed Programme risks and updated the risk list and risk management plan and removed the risk of lack of capacity for projects monitoring and signing of project contracts considering that signing of project contracts concluded in II quarter 2015 and from May 2015 capacity of the Agency for project monitoring were strengthened by creating additional position (workload).

Evaluating the likelihood of the risks was identified that risks - non-fulfilment of Programme outputs and outcomes, low participation of target groups in implementation of activities of Fund for Bilateral Relations are with likely likelihood. Risks - delay of implementation of Programme measures and personnel changes are with possible likelihood. Risks - insufficient financial flow and political and legislative changes are unlikely. Evaluating consequence of the risks was identified that risks - non-fulfilment of Programme outputs and outcomes, insufficient financial flow and delay of implementation of Programme measures are with major consequence. Risks - low participation of target groups in implementation of activities of Fund for Bilateral Relations, political and legislative changes and personnel changes are with moderate consequence.

Detailed description for mitigation action of each risk please see in annex 1 "Risk assessment of the programme".

## 10. Information and publicity

In 2015 PO and Agency carried out 3 seminars, two of which were specifically aimed towards informing the Project Promoters about the requirements and procedures regarding project implementation and interim assessment seminar. As a result 116 participants took part in these 3 seminars.

The informative seminar for open call Project Promoters was held on 26 March 2015 and informative seminar for small grant scheme Project Promoters was held on 16 April 2015. During the informative seminars Project Promoters were informed about the project implementation conditions (financing procedures, project contract amendments, public procurement procedures, preparing of reports and payment claims etc.) and the monitoring activities that will be carried out by the Agency. The PO participated at the seminar and informed Project Promoters about possibilities to establish/promote cooperation and carry out experience exchange events within Fund for Bilateral Relations.

In order to evaluate progress of implementation of the Programme an interim assessment seminar was held on 20 November 2015 in Riga and Ādaži. In the first part of the seminar the audience was introduced to the already achieved as well as the planned results. Best practice examples of small grant scheme projects were presented. The participants were introduced to the importance of e-mobility and the need for a sustainable environmental policy promotion activities for small and mid-sized enterprises, as well as the development of the bio-economy model for sustainable use of biological resources. Also, participants were introduced to 2 open call projects, giving an insight into efficient running of the construction of a sports hall in Ādaži and innovative biomass gasification technology development for obtaining syngas. In the second part of the seminar the audience had an opportunity to visit one of the open call project in Ādaži - Ādažu Free Waldorf School energy efficient gyms construction. During the visit the audience had the opportunity to ask questions to the Project Promoter, construction supervisor as well as the building's architect on the topics related to energy efficiency and the specifics of the building and construction process.

A publication was prepared and published on the National newspaper "Latvijas Avīze", which is one of the most popular newspapers in Latvia, to ensure the publicity of the Programme. The main emphasis was on

open call project in Jelgava where sports hall for children with special needs is being built. Additionally, PO also concluded public procurement for making TV stories about Programme implementation. During 4th quarter were prepared and broadcasted 2 TV stories – story about Programme implementation and pre-defined projects and story about open call projects, but in 16 January 2016 was prepared and broadcasted story about small grant scheme projects. During first half of year 2016 will developed another 3 TV stories about same themes emphasizing results of the projects. TV stories were prepared to inform society about Programme and its benefits as well as to present projects best practice examples. In TV stories project in Ādaži was presented which contributes greatly to sports accessibility for local students and inhabitants of Ādaži county, as well as project in Ventspils which contributes towards promoting renewable energy sources and energy efficiency. In TV stories projects on waste management and awareness raising on climate change in Latvian schools were also presented.

## **11. Cross-cutting issues**

In order to ensure an efficient Programme management, the PO in implementation of the Programme draws attention to cross-cutting issues - good governance, sustainable development (environmental considerations, economic sustainability and social sustainability) and gender equality.

Considering that the PO is state institution, the good governance principles are taken into account in everyday work and therefore are very important for achievement of the Programme objectives. As governmental institution the PO provides also high security of financial management. Transparency is ensured by inviting the NFP, the FMO and the Royal Norwegian Embassy in Latvia to the CC meetings. In year 2015 PO organized informative seminars to clearly explain conditions and requirements on project implementation. All Project Promoters within open call and small grant scheme were treated equally.

Sustainability is another important cross-cutting issue to which the PO and Agency draws close attention. The Agency is monitoring how Project Promoters are fulfilling sustainability requirements, which were indicated in project application. It can be also concluded, that during the year 2015 the Programme performed positively in relation to gender equality and there were no indications about situations where men or women would not be treated equally in all Programme implementation stages – Programme management, participation in decision making and project activities.

## **12. Reporting on sustainability**

If this is a Final Report, provide an assessment of the extent to which the positive effects of the Programme will continue after the funding period.

## **13. Attachments to the Annual Programme Report**

Monitoring Plan, see section 7.3 in the Programme Operators' Manual

Risk assessment of the programme. See proposed template in Annex to the annotated template to the Annual Programme Report.

### **Project level results**

Please see Annex 3 "Best practice examples"

## **14. Attachment to the Final Programme Report**

Financial annex, see attachment 2 of the Programme Operators Manual

## Annex 1: Risk assessment of the programme

Type of objective <sup>1</sup>	Description of risk	Likelihood <sup>2</sup>	Consequence <sup>3</sup>	Mitigation planned/done
<i>Cohesion (Programme) outcomes:</i>				
	<p><b>Non-fulfillment of Programme outputs and outcomes</b>            Programme outputs and outcomes could not be fulfilled if Project Promoters would not be able to achieve results set in project contract or there will not be sufficient financing to support planned number of projects in all support areas.</p>	Likely	Major	<p>PO and Agency ensure monitoring of the projects and progress of outcomes and outputs. PO informs CC on Project implementation progress.</p> <p>Agency provides consultations to Project Promoters and assists in solving problems within their competence.</p> <p>PO reallocated financing from Programme management costs to small grant scheme to finance three additional projects for improving achievement of Programme results.</p> <p>Additionally, PO in cooperation with Agency assessed projects implementation problems that endangers achievement of projects outputs and submitted to NFP application with project list for extending period of eligibility. As a result FMO</p>

<sup>1</sup> The risks should be categorised in one of 3 ways, depending on whether it poses a risk to the cohesion objective, the bilateral objective, or is more of an operational issue.

<sup>2</sup> Each risk should be described as to whether it poses a risk to the cohesion outcomes (programme outcomes), the bilateral outcome or crucial operational issues 4 = Almost certain (75 – 99% likelihood); 3 = Likely (50 – 74%); 2 = Possible (25 – 49%); 1 = Unlikely (1 – 24%)

<sup>3</sup> Assess the consequence(s) in the event that the outcomes and/or crucial operations are not delivered, where 4 = severe; 3 = major; 2 = moderate; 1 = minor; n/a = not relevant or insignificant.

				approved extension of period of eligibility of projects listed in application until 30 April 2017.
	<p><b>Political, administrative and legislative changes</b></p> <p>Political decisions affecting structure of PO and other institutions involved in Programme implementation, legislation or planned activities are adopted in a way that has influence on implementation of Programme.</p>	Unlikely	Moderate	<p>PO is monitoring possible legislation changes affecting the Programme implementation. PO has elaborated and updated a Programme Management Control System, for cases of unexpected changes in internal structure of the PO, which foresees change of responsibilities and competences.</p> <p>If the changes in internal structure of PO will be made, all commitments will be secured, by transferring the functions to counterparts in accordance with competencies to ensure successful and continuous implementation of Programme. If legislation changes will be made an amendments in Management Control System will be provided.</p>
<i>Bilateral outcome(s):</i>				
	<p><b>Low participation of target groups in implementation of measures of Fund for Bilateral Relations</b></p> <p>Project Promoters' and partners' lack of interest in implementation of activities of fund for bilateral</p>	Likely	Moderate	<p>PO periodically provides consultations to Project Promoters, to promote submission of applications for implementation of measures of Fund for Bilateral Relations.</p>

	relations will have negative impact on the achievement of bilateral target indicators.			Additionally, were made amendments in regulations to allow PO to organize measures of Fund for Bilateral Relations as well as conditions for implementation of measures of Fund for Bilateral Relations were eased.
<i>Operational issues:</i>				
	<b>Insufficient financial flow</b> Interim payments are not ensured as planned. Lack of financial resources will endanger that implementation of Programme and projects is not ensured in planned time frame and quality.	Unlikely	Major	PO and Agency timely ensures planning of financing in State budget and submits interim financial reports. Financing plans are regularly updated to ensure appropriate financial flows. Agency ensures monitoring for timely submission of projects reports and verifies eligibility of project expenditures. Conclusion on eligibility of project implementation are being submitted to Certifying Authority.
	<b>Personnel changes</b> Frequent changes of personnel involved in Programme implementation could impede effective Programme implementation and will decrease ability to ensure successive planning of Programme activities and acquisition of financing	Possible	Moderate	PO ensures substitutability of employees and ensures that in the implementation of Programme activities there are more than one employee involved - to avoid situation when change or absence of responsible employee would affect implementation of the

				Programme. Additionally, personnel is being provided with good work conditions.
	<p><b>Delay of implementation of Programme measures</b></p> <p>Delay of the implementation of Programme measures (events related to pre-defined projects, open calls, bilateral activities etc.) and procurement procedures will negatively affect achievement of Programme results.</p> <p>Delay of the implementation of Project measures could negatively affect project financial flow thus affecting acquiring of Programme financing.</p>	Possible	Major	<p>PO and Agency ensures monitoring of the projects implementation to ensure that project activities are implemented within prescribed deadlines. Agency twice a year analyses projects risk level and verifies projects' implementation according project contract and project procurement plans.</p> <p>Agency advises Project Promoters and assists in solving problems within their competence.</p> <p>Agency is carrying out on-the-spot-verifications for projects according to Monitoring plan.</p> <p>Additionally, PO in cooperation with Agency provided all necessary procedures for ensuring extension of period of eligibility of projects which had justified reasons for delays of implementation of project activities.</p>



## Annex 2: Programme's Monitoring plan

### Programme's Monitoring plan 2015-2016

Activity	2015				2016			
	IQ	IIQ	IIIQ	IVQ	IQ	IIQ	IIIQ	IVQ
1. Signing of open call project contracts and small grants scheme project contracts								
2. Pre-defined project promoters submit the progress reports and payment requests to the State Regional Development Agency (Agency)								
3. Agency evaluates and approves received progress reports of pre-defined project promoters and if necessary requests for additional information								
4. Agency carries out on-the-spot-verifications of the pre-defined projects								
5. Collection and measurement of Programme and projects indicators of pre-defined projects								
6. Open call and small grant scheme Project Promoters submit the progress reports and payment requests to the Agency								
7. Agency evaluates and approves received progress reports of open call and small grant scheme Project Promoters and if necessary requests for additional information								
8. Agency carries out on-the-spot-verifications of the open call and small grant scheme projects								
9. Collection and measurement of Programme and projects indicators of open call and small grant scheme projects								
10. Programme CC meetings								

According to Programme Agreement, the Agency foresees to monitor each year not less than 5% of low risk projects and 30% of medium risk projects. In addition, the Agency will carry out on-the-spot verifications of compliance of supplies and services, as well as supporting documents and payment requests at least twice during the implementation of pre-defined projects.

Monitoring visits' plan is developed according to projects risk analysis. First risk analysis was done within 20 days after signing project contract. After the first risk analysis all small grant scheme and open call projects were assessed as low risk projects, however during implementation in several projects problems (procurement problems, construction delays etc.) were identified and the monitoring visits' plan for monitoring of open call and small grant scheme projects was updated in June 2015. Next risk analysis is planned in the I quarter 2016.

Besides monitoring visits based on risk analysis, the Agency is considering to visit each open call and small grant scheme project to monitor project final report and documents to verify Project Promoter's expenditures following project completion. In that case in total 26 monitoring visits will be carried out during the year 2016. Necessity for monitoring visit to each project will be assessed after completion of individual project.

### Monitoring visits' plan, 2016-2017

Institution that carried out monitoring visit	Time of monitoring visit in 2016 and 2017	Risk assessment	Project promoter, title of project	Objective of monitoring visit
Agency	January 2016	Low	Jelgava City Council open call project, "Energy Efficient Measures for Sustainable Buildings in Jelgava"	Monitoring of 1 <sup>st</sup> project report and documents to verify Project Promoter's expenditures
Agency	February 2016	Low	NGO "Green Liberty" small grant scheme project, "Climate education for all"	Monitoring of 2 <sup>nd</sup> project report and documents to verify Project Promoter's expenditures
Agency	June 2016	Low	Balteneko Ltd. open call project "Innovative and effective biomass gasification technology solutions (systems)"	Monitoring of 4 <sup>th</sup> project report and documents to verify Project Promoter's expenditures
Agency	June 2016	Low	Riga Technical University Institute of Energy Systems and Environment small grant scheme project "Development of a training course and study program module „Socio-	Monitoring of 4 <sup>th</sup> project report and documents to verify Project Promoter's expenditures

			economic aspects of the climate technology for bioeconomy sector”	
Agency	November 2016	Medium	MoEPRD pre-defined project, “Development of the National System for Greenhouse Gas Inventory and Reporting on Policies, Measures and Projections”	Monitoring of 7 <sup>th</sup> project report and documents to verify Project Promoter’s expenditures
Agency	November 2016	Medium	MoEPRD pre-defined project, “Development of Proposal for National Adaptation Strategy, Including Identification of Scientific Data, Measures for Adapting to Changing Climate, Impact and Cost Evaluation”	Monitoring of 7 <sup>th</sup> project report and documents to verify Project Promoter’s expenditures
Agency	January 2017	Medium	Aloja County Council open call project, “Business support centre – library “SALA” of Aloja county”	Monitoring of final project report and documents to verify Project Promoter’s expenditures

## Annex 3: Best practice examples

Project Promoter	Project title	Project Aim
<b>Pre-defined projects</b>		
MoEPRD	Development of Proposal for National Adaptation Strategy, Including Identification of Scientific Data, and Measures for Adapting to Changing Climate, Impact and Cost Evaluation	To prepare a proposal for National Adaptation Strategy
MoEPRD	Development of the National System for GHG Inventory and Reporting on Policies, Measures and Projections	To strengthen Latvia's institutional capacity to improve the national system for preparing, analyzing and reporting high quality information to ensure continuous improvements of GHG emission inventory, policies, measures and projections and to comply with the relevant international reporting requirements.
<b>Open call</b>		
The organization "Private Secondary School ĀBVS"	Adazi Free Waldorf School Gyms Construction	To build low energy sports hall for Adazi Free Waldorf School. The project will demonstrate low energy consumption advantages, and educate the society, especially children about climate change, sustainability of energy passive buildings.
Jelgava City Council	Energy Efficient Measures for Sustainable Buildings in Jelgava	To build a new low energy building – gymnasium with premises for rehabilitation – in Jelgava Boarding-school No.2.
Foundation „Ventspils High Technology Park”	New Building of Science and Technology Museum "Kurzeme Demo Centre"	Expanding operation of the Museum of Science and Technology „Kurzemes Democentrs” by constructing low energy building.
Balteneko Ltd.	Innovative and Effective Biomass Gasification Technology Solutions (systems)	To develop and demonstrate innovative and effective biomass gasification technology solutions (systems) that will replace imported natural gas use by local renewable energy sources (biomass) in the existing natural gas boilers without their replacement.
<b>Small grant scheme</b>		
Demarsch Ltd.	Promoting Sustainable Environmental Management Policies for the Small and Medium Enterprises (SME) Sector	To create an e-training to implement an environmental policy in SME and to raise awareness of Climate and Environmental issues and educate the target audience.
NGO Waste Management Association of Latvia	The Promotion of the Knowledge and Insight of the Climate Change Caused by such Anthropogenic Processes as Waste and Wastewater Management	To develop education programme for representatives of the municipalities, experts of the environment, waste and water and Regional Environmental Boards about reduction of the GHG from waste management.

NGO "Homo ecos:"	Climate Change in Latvia – an Opportunity and a Challenge?	To implement a creative informative campaign and interdisciplinary educational activities, thus promoting active engagement in reducing climate change, and active participation in climate adaptation policy implementation.
NGO "Ventpils High Technology Park"	Green Mission: Climate	To educate, inform and promote Latvian pupils' and educational staff's awareness and knowledge on climate change by using and integrating alternative educational approaches and methods and by organizing interdisciplinary technical and practical workshops in schools.
Riga Technical University Institute of Energy Systems and Environment	Development of Bioeconomical Model for Sustainable Use of Biological Resources in order to Reduce Climate Changes and Improve Adaptation Capacity (BIO-CLIMATE)	To develop scientifically-based tool for the modelling, medium / long term simulation, and policy assessment of Latvian bioeconomy and climate. The project will focus on a sustainable utilization of renewable natural resources, specifically the biological ones, aiming at the greatest added value and the least impact on the environment, including climate change.
NGO "Institute for Environmental Solutions"	Enhancing Society's Understanding about Climate Change Effects on Lakes in Latvia	To investigate the impact of intensive blue green algae blooming on the chosen demonstration lakes' ecosystem functioning, stability and biodiversity, and to inform local municipalities and different social groups on the outcome of the project.