

Annual Programme Report  
Norwegian Financial Mechanism 2009-2014 Programme

**“Capacity-Building and Institutional Cooperation between Latvian and Norwegian Public Institutions, Local and Regional Authorities”**  
Reporting period - 2014

This annotated template is drafted to encourage and guide the Programme Operators to produce **concise, results-based** programme reports that will give an account of progress and results that contribute to the expected outcomes and the programme objective. This template will help to ensure that the requirements of the Programme Operators Manual (POM) are met.

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

The programme LV07 “Capacity Building and Institutional Cooperation between Latvian and Norwegian Public Institutions, Local and Regional Authorities” (hereinafter – programme) is being implemented by the Ministry of Environmental Protection and Regional Development of the Republic of Latvia as the Programme Operator (hereinafter – PO) in cooperation with the Donor Programme Partner (hereinafter – DPP) – the Norwegian Association of Local and Regional Authorities through implementation of four pre-defined projects:

- **Implementation of regional policy actions in Latvia and elaboration of regional development measures** (Project Promoter – Ministry of Environmental Protection and Regional Development of the Republic of Latvia);
- **Increasing territorial development planning capacities of planning regions and local governments of Latvia and elaboration of development planning documents** (Project Promoter – Ministry of Environmental Protection and Regional Development of the Republic of Latvia);
- **Integration of specially protected nature territories of Latvia in spatial plans** (Project Promoter – Nature Conservation Agency);
- **Smart governance and performance improvement of Latvian municipalities** (Project Promoter – Latvian Association of Local and Regional Governments).

Until January 2014 all four project contracts were signed - three of the project contracts were signed in December 2013 and the 4<sup>th</sup> project contract was signed in January 2014.

By the end of January 2014, the bilateral indicator of the programme was achieved – all four partnership agreements between PPs and the Donor Project Partners were concluded. Implementation of all four pre-defined projects was started and within the reporting period there was progress in two output indicators achieved – organized 13 experience and knowledge exchange events between institutions in Latvia and in Norway and established four networks for local authority cooperation and service quality improvement. In 2014 there were also necessary public procurement procedures carried out, which are needed to achieve the output indicators in 2015 and 2016.

There were three measures under the Fund for Bilateral Relations (hereinafter – Bilateral Fund) organized – participation of experts from Norway in a conference organized by the Project Promoter (hereinafter – PP) of the Ministry of Environmental Protection and Regional Development (hereinafter – MoEPRD) and a seminar organized by the PO devoted to synergy between all pre-defined projects; PO also provided assistance to the Royal Norwegian Embassy in organizing a conference dedicated to innovations in public sector.

In 2014 PO and the State Regional Development Agency (hereinafter – Agency) evaluated eight project reports for a total amount of eligible expenditure 526 853 *euro*.

PO and the Agency carried out project monitoring measures in accordance with the monitoring plan of the programme and internal procedures of the PO and the Agency on monitoring of the projects. There has been an on-the-spot verification of the project carried out by the PO and four on-the-spot verifications are planned in the year 2015.

During the reporting period no amendments to the programme were made, however in January 2015 the National Focal Point (hereinafter – NFP) in accordance with request of the PO addressed the Financial Mechanism Office (hereinafter – FMO) proposing to specify the targets of the indicator to be achieved within the programme *Strategic partnerships developed*, thus amendments to the programme agreement could occur in 2015.

## **2. Programme area specific developments**

The programme complies with the overall objectives set out in the Regulation on the implementation of the NFM 2009-2014 (Article 1.2). During implementation of the programme social and economic disparities in the European Economic Area (hereinafter – EEA) are being reduced and the bilateral relationships between Norway and Latvia are being strengthened. The institutional capacity through activities of the pre-defined projects is being built and human resources development is being ensured at local, regional and State level public institutions involved in the planning of regional development and implementation of the regional policy, as well as cooperation among all level public authorities in Latvia and Norway is being enhanced with the aim of achieving the outcome of the programme. The bilateral relationships between Norway and Latvia are being strengthened at both the programme level through a close cooperation between PO and DPP, and at the project level through cooperation between target groups of the programme and Donor Project Partners, as well as other relevant public institutions in Norway.

Within the reporting period there were seminars for municipalities and planning regions about latest development in the regulatory framework organized. Planning regions were provided with methodical support, research basis for drawing up development strategies and programs, as well as a funding attraction mechanism for document implementation.

With the aim of improving the process of territorial planning in municipalities, providing the public with timely information about the documents of territorial planning of a municipality, MoEPRD has developed a Territorial Development Planning Information System, which will allow the public to express their opinion about the planned changes and about specific development ideas in municipalities. The system will serve as the primary work environment and source of information for spatial development planning documents. It will be possible to store documents graphical and text data, including information on the permitted use of land units, buildings, restrictions and burdens, enabling centralized planning process to get the necessary electronic key data. Consequently, the entrepreneurs will be able to operatively get information about the land use planning and investment attraction projects.

Within the reporting period there was state budget support ensured for planning regions for creating business centers in the regions of Rīga, Kurzeme, Vidzeme, and Zemgale (business centre in Latgale has been operating since 2013) to promote support for starting businesses in regions.

In order to facilitate higher entrepreneurship activity in regions, legal regulation in relation to the rights of the state and municipalities to handle their immovable property (land) improved, amendments made in the binding regulation of the Cabinet of Ministers, which allow state and local municipalities to reduce the ground rent for the construction of the production facility, thus creating an attractive environment for investment, attracting new investors and entrepreneurs, setting up new enterprises in municipalities in promoting local employment and reducing the risk of emigration, promoting the construction of new production facilities and increasing the gross domestic product.

On 2 September 2014, the Cabinet of Ministers approved the operational program of EU funds "Growth and Employment", which, considering the National Development Plan 2014 – 2020 and Regional Policy Guidelines 2013-2019, provides the following regional policy support measures (specific support aims) of MoEPRD for investments in the municipal infrastructure:

3.3.1. to improve the amount of private investments in regions by investing in business development according to the economic specialization specified in the development plans of municipalities and based on the needs of local entrepreneurs;

4.2.2. to promote the improvement of energy efficiency and the use of renewable energy sources in municipality buildings pursuant to the development programs integrated by the municipality;

5.6.2. revitalizing territories by regenerating degraded territories pursuant to the development programs integrated by municipalities.

Within the reporting period there was an informative report "On the Introduction Principles of Investments for Urban Environment and Polycentric Development in European Union Funds 2014 2020" developed, which includes description of EU funds 2014 – 2020 programming period to the operational program "Growth and Jobs" for urban and polycentric development investment principles

and mechanisms of implementation.

### 3. Reporting on outputs

3.1 Give a summary and analysis of how the selected projects have contributed or are contributing to each of the Programme outputs set out in the Programme proposal. Analyse progress towards the defined outputs, and explain any deviation from the plan.

3.2 Give a summary of the implementation of each pre-defined project. When projects have been completed give a summary of their actual contributions to the output targets.

3.3 Give a summary of the implementation of small grant schemes. If this is a Final Report, provide a summary of their actual contributions to the Programme output.

3.2.1. Taking into account, that the programme is being implemented through implementation of four pre-defined projects, all the output indicators are to be collected by summing up indicators achieved within the projects.

List of output indicators within the programme:

Output indicator	Baseline	Target	Achieved (31.12.2014.)
<b>Output 1: Local authorities performance improvement system elaborated</b>			
Established networks for local authority cooperation and service quality improvement	0	4	4
Established database for local service performance measurement	0	1	0
<b>Output 2: Integrated planning system in local, regional and state level developed and operational</b>			
Drafting and updating of planning documents at local, regional and national level	1	60	0
Number of state, regional and local authorities that have introduced territorial approach for investment planning	0	25	0
<b>Output 3: Systematic exchange of knowledge and experience among Latvian and Norwegian authorities</b>			
Number of organized experience and knowledge exchange events	0	15	13
Strategic partnerships developed	0	20	4

In 2014 there were all four networks for local authority cooperation and service quality improvement established. Within the reporting period, there were 13 experience and knowledge exchange events between institutions in Latvia and in Norway ensured, the indicator will be achieved in full amount in 2015. There were also four strategic partnerships between entities in Latvia and in Norway established – these are the four project partnership agreements between PPs and Donor Project Partners. There will be at least 16 strategic partnerships in the following years established, which will increase development of shared results, knowledge and experience exchange between institutions in Latvia and in Norway. In order to support and promote establishment of the strategic partnerships, the possibilities of use of the Bilateral Fund will be considered.

Other indicators – *Established database for local service performance measurement, Drafting and updating of planning documents at local, regional and national level, Number of state, regional and local authorities that have introduced territorial approach for investment planning* will be achieved in 2015 and 2016. In 2014 there were the necessary public procurement procedures carried out, which are needed for achievement of several output indicators.

### 3.2.2. Summary of the implementation of each pre-defined project

#### **Pre-defined project “Implementation of regional policy actions in Latvia and elaboration of regional development measures”**

On 11 April 2014 PP organized an opening conference about development planning and entrepreneurship promotion in regions and local municipalities of Latvia. The conference was attended by development planners and entrepreneurship promotion specialists of local municipalities, representatives of planning regions, non-governmental organizations and entrepreneurs as well as Norway experts.

On 18 June 2014 there was a Latgale region representation in Riga opened. The opening of Latgale region representation contributes to the development of entrepreneurship in Latgale, as well in popularization of the region, activates local resources and local partnerships between entrepreneurs, local public institutions, culture and educational institutions, financial sector and non-governmental sector and increases development level of Latgale region.



*Mr Aldis Adamovičs - Chairman of Development Council of Latgale Planning Region giving a speech at the Opening event of the Latgale region representation in Riga 18.06.2014.*

On 18-19 September 2014 PP organized an experience exchange visit with participation of nine representatives of municipalities and planning regions to Norway in order to gain knowledge from municipalities in Norway in popularizing of local resources and attraction of foreign investments. After the visit there were marketing materials in English for 30 national and regional development centers developed. Marketing materials shall be used as representation material, when municipalities are participating in events of international importance, including international exhibitions, where target audience is investors.

In order to increase the capacity and opportunities of municipalities in promoting entrepreneurship, in October and November 2014, PP started to implement “Knowledge Angels” programme and

during 2014 provided 5 training seminars. Target group of “Knowledge Angels” programme is the employees of municipalities who are working with entrepreneurship promotion and development planning issues, during “Knowledge Angels” programme they are involved in simulation games, workshops, team presentations and discussions.

From August until October PP ensured organizing of 7 seminars in Latgale Planning Region for local residents in order to promote entrepreneurship and discuss innovation promotion issues in Latgale, which can stimulate promotion of entrepreneurship.

There is a social network webpage developed by the PP and active [https://www.facebook.com/EntrepreneurshipPromotionLV?fref=pb&hc\\_location=profile\\_browser](https://www.facebook.com/EntrepreneurshipPromotionLV?fref=pb&hc_location=profile_browser), which is devoted to informing society about the project's contribution to the development of entrepreneurship and innovations in Latvia.

**Pre-defined project “Increasing territorial development planning capacities of planning regions and local governments of Latvia and elaboration of development planning documents”**

In order to prepare a training program for development planners in Latvian municipalities on local economic development tools, on 24-25 February 2014 an expert of Organization for Economic Co-operation and Development (OECD) visited Latvia and on 19-20 March 2014 12 development planning experts from Latvian municipalities took part in training in Paris, France organized by OECD. Based on the knowledge acquired from OECD expert and training in Paris, in 2015 the PP will organize training seminars for development planners of Latvian municipalities, who did not take part in the training in 2014, in order to strengthen local development planning capacity.

On 11 April 2014 PP organized an opening conference about development planning and entrepreneurship promotion in regions and local municipalities, which was a joint opening event together with the project *Implementation of regional policy actions in Latvia and elaboration of regional development measures*.

On 22-24 April 2014 and 12-14 May 2014 there were two experience exchange visits between specialists of MoEPRD, Kurzeme and Riga planning regions and the Aust-Agder and Østfold regional counties of Norway organized in order to become acquainted with the Norwegian experience in the coastal planning. The knowledge gained will be used in creating planning documents for the coastal area of the Baltic Sea, which will be elaborated in 2015.

During the elaboration of regional development planning documents there were 35 seminars and workshops, including public discussions, organized in all five planning regions in 2014. The aim of the seminars was to involve members of society in territory planning document elaboration processes.

On 1-2 October 2014 three experts from Oppland County visited Latvia and shared their experience about measures implemented in the regional development planning in Norway and made recommendations for improving the spatial development planning documents of Latvian planning regions.

In November and December 2014 there were two out of five situation analysis and development scenario simulation game „Future City” training seminars held (in total attended 50 socially active participants from two municipalities – Tervete and Carnikava). During the seminars there were

multiple possible development scenarios for both municipalities created, but only one scenario was selected as the most suitable. The other three seminars are planned in January 2015.

During the 4<sup>th</sup> quarter of 2014 PP organized public discussions about the draft of sustainable development strategies and development programs elaborated within the project in four planning regions - in Kurzeme, Vidzeme, Riga and Zemgale. In 2014 a draft of public services development concept and a draft of the action plan for the 5<sup>th</sup> Latvian planning region – Latgale, has been prepared and in December 2014 there were three public discussions about it organized.

**Pre-defined project “Integration of specially protected nature territories of Latvia in spatial plans”**

On 15-16 May 2014 PP organized an experience exchange event to Norway, where representatives of the PP visited Gausdal municipality and Langsua National Park in Norway in order to learn about the national park planning, management and institutional management model in Norway and use it in creating nature conservation plans in Latvia.

In 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2014 PP organized 11 visits and discussions with the specialists of municipalities, which are involved in elaboration of environmental protection plans and spatial planning documents within the project. The discussions were held in order to negotiate process of developing nature protection plans and the possible integration of them in the spatial plan of the municipality, as well to discuss interests and needs of municipality, which should be taken into account during elaboration of the nature protection plans.

On 18 September 2014 PP organized a publicity/opening event where representatives of the target groups of the project discussed relevance of nature protection plans today and harmonizing interests of involved parties in developing nature conservation plans.

In 2014 there has been 1<sup>st</sup> version of conception for integration of specially protected nature areas in the spatial plans created, which was submitted to experts from Norway for commenting. After the comments were received, they have been integrated in the document. In order to ensure participation and taking into account views of all interested parties on 19 December PP organized public discussions about the draft of conception with participation of representatives of municipalities, specialists in developing natural and spatial plans, as well as representatives MoEPRD and non-governmental organizations.

**Pre-defined project “Smart governance and performance improvement of Latvian municipalities”**

On 29 April 2014 PP organized an opening event with participation of the Donor Project Partner Norwegian Association of Local and Regional Governments (hereinafter – KS) of the project in order to present objectives of the project, planned activities and expected results.

In 2014 PP organized four study visits in order to take over experience of Norway and Poland about the Benchlearning System Model for municipalities’ performance analysis. In April and November there were study visits to Norway organized and in February and October there were study visits to Poland organized. Based on experience gained from KS and Polish Association of Cities – 1<sup>st</sup> and 2<sup>nd</sup> version of the Benchlearning System Model for Latvian municipalities have been elaborated, the final version of the System Model will be presented in 2015. In June and August there were 4 regional

discussions about the System Model for Latvian Municipalities held.

The main objective of the activity is to establish cooperation networks for local municipalities, which will use “benchlearning” principles – to compare, analyze and learn – to develop local marketing strategies or prepare public services’ improvement plans for municipalities. In 2014 there were all four planned cooperation networks for municipalities established:

- strategic management network;
- social work and access to health care network;
- public services and housing policy network;
- education and culture network.

In 2014 there was necessary data collected and value of the Investment attraction index for 119 municipalities was calculated. There was also an agreement with KS and Polish Association of Cities reached on assistance in data collection from several municipalities in Norway and Poland in order to obtain comparative data on Investment attraction index in Norway and Poland. In October and November 2014 PP organized five seminars about calculation of Investment attraction index for municipalities, where participants were introduced to the calculation methodology of investment attraction index and its component indicators, followed by discussions about the used methodology and updating of indicators, as well as the use of investment attraction index in policy and strategy documents.

3.2.3. n/a

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

Analyse how the projects’ and Programme’s outputs contribute to the expected outcome(s) defined in the Programme proposal.

List of outcome indicators within the programme:

<b>Outcome: Enhanced capacity and quality of the services provided by public institutions, local and regional authorities through enhanced institutional capacity and human resources development</b>			
<b>Outcome Custom Indicator</b>	<b>Baseline</b>	<b>Target (%)</b>	<b>Achieved (31.12.2014.)</b>
Increased satisfaction of customer/recipient/counterparty of targeted institutions	0	10	0
Users satisfaction with local governments services increased	0	10	0
More strategic decisions based on coordinated planning system (multi-annual and multi-sectoral)	0	50	0

Achievement of all the outcome indicators of the programme is planned in 2016. Within the reporting period implementation of all four pre-defined projects and organizing of the public procurement procedures was started. The major part of all the activities foreseen in the projects will be finished by the end of 2015, thus it will allow taking measurements of the outcomes indicators in 2016.

In order to ensure the quality and objectiveness of the measurement, there will be a feasibility study of the current situation for measurement of the outcomes *Increased satisfaction of*



*customer/recipient/counterparty of targeted institutions and Users satisfaction with local governments services increased* carried out in 2015 and 2016. In 2016 PO will be able to measure the indicators and based on the data collected and analysis carried out in the previous period.

The bilateral indicator of the programme:

Bilateral indicator			
Indicator	Baseline	Target	Achieved (31.12.2014.)
Number of project partnership agreements in beneficiary public sector	0	4	4

Regarding the bilateral indicator to be achieved in the programme – *4 project partnership agreements in the beneficiary public sector* – the indicator was achieved by the end of January 2014 in full amount – all four partnership agreements between PPs and the Donor Project Partners were concluded.

### Progress on horizontal concerns

The main goal of the programme is strengthening the capacity of institutional and human resources in institutions in Latvia at the state, regional and local level. The programme does not directly affect horizontal concerns — hate speech, extremism, racism and xenophobia, homophobia, anti-semitism, tolerance and multicultural understanding, social inclusion of Roma people, sexual harassment, violence against women, and trafficking, however, there are no restrictions set related to the above mentioned horizontal concerns.

## 5. Project selection

n/a

## 6. Progress of bilateral relations

Give a summary of how partnerships between the Beneficiary States and the Donor State(s) have been facilitated during the reporting period. In cases of donor partnership programmes, the cooperation between the Programme Operator and the donor programme partner shall be assessed. State the number of donor partnership projects, and describe what has been done to encourage the establishment of such partnership. Give a brief overview of the use of the Funds for bilateral relations at Programme level.

Cooperation between PO and DPP in 2014 was successful and there were several events organized with participation of the DPP. On 6 June 2014 PO organized 6<sup>th</sup> and on 18 December 2014 - 7<sup>th</sup> Cooperation Committee meetings (hereinafter – CC), where DPP took part and assisted in making decisions related to implementation of the programme. In the 3<sup>rd</sup> quarter of 2014, in accordance with a decision made during the 6<sup>th</sup> CC meeting in June 2014, PO initiated and prepared amendments to the programme’s regulation of the Cabinet of Ministers in the sections regarding implementation of the Bilateral Fund. The amendments were endorsed on 23 September 2014 and allow also the PO to use the financing and implement measures of the Bilateral Fund.



*Ms Elita Cakule and Ms Pernille Nesje (DPP) take part in a discussion about implementation of the programme during 7<sup>th</sup> CC meeting 18.12.2014.*

After the amendments came into force, PO organized two measures under the Bilateral Fund:

1. PO assisted in organizing a conference *Innovations in Public Sector – from Actions to Ideas* on 29 September 2014 in Rezekne, Latvia, which was organized by Royal Norwegian Embassy in Latvia, where Latvian and Norwegian specialists in regional and rural development, green innovations, public procurement, green energy and road infrastructure took part and shared their experience and point of view in the conference.

Representatives of PPs from the MoEPRD and Latvian Association of Local and Regional Governments (hereinafter – LALRG), as well as specialists from University of Lillehammer, Norwegian Association of Local and Regional Governments and organization *Innovation Norway* took part in the conference as experts. There were ~100 participants in the conference in total. PO covered the costs of transportation for participants of the conference from Riga to Rezekne and also costs of translation service.

2. On 30 September, in cooperation with the DPP, PO organized a seminar for the PPs, which was devoted to synergy between the pre-defined projects and is a best practice example because during this event PPs of all four pre-defined projects worked together side by side seeking possible synergy directions between projects in order to achieve greater benefit through cooperation. PO invited also two experts from Oppland County (Norway) to participate in the seminar, deliver presentations on a subject *Progress and Synergy of the Pre-defined Projects and Norway Experience* and present their point of view on the implementation of activities within the projects. In total 24 participants took part in the seminar.

During the seminar PPs together with experts identified potential synergies and complementarities between the projects, and expressed interest to cooperate mutually between the projects e.g. after the seminar PPs actively exchange information with each other and involve experts from other projects in their activities.



*Project Promoter (Nature conservation agency) and the Donor Project Partner (Oppland County) discuss synergy possibilities 30.09.2014.*

In order to promote interest of PPs in implementation of measures of the Bilateral Fund on 12 March, 2014 PO organized an informative seminar for representatives of the PPs explaining in details the procedure of preparing and submitting proposals, as well as other relevant issues regarding the Bilateral Fund. In addition on 6 August 2014 PO organized a seminar, which was dedicated to eligible costs in general and preparing project reports, as well as to opportunities offered by the Bilateral Fund.

At the project level in 2014 there was one event under the Bilateral Fund implemented – participation of two experts from a municipality Vang in Norway, who represent an innovative organization Innovangsjon (Norway), in the opening conference of both projects of the MoEPRD *Role of marketing activities for entrepreneurship promotion and investment attraction in local municipalities* on 11 April 2014. The experts shared their experience and gave examples of good practice on how the organization in cooperation with the local municipality council and local entrepreneurs is implementing different innovative projects for development of municipality. The experience of the experts was important, because many Latvian municipalities are facing the same problems as the municipality Vang.

There are five Donor Project Partners within the programme - Ministry of Municipalities and Regional Development of Norway, Oppland County, Aust-Agder County, Østfold County and Norwegian Association of Local and Regional Authorities.

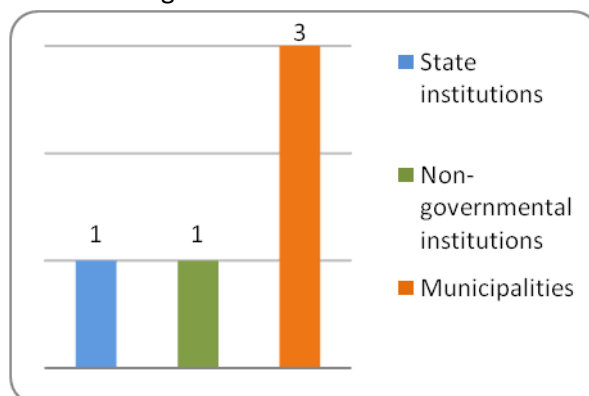


Chart: Donor Project Partners by Type of Institution

After the first year of implementation of the projects, PO received a positive feedback from the PPs regarding cooperation with the Donor Project Partners – especially because of the knowledge and experience exchange, which are both important at the beginning phase for a successful starting of the activities. There were a number of activities carried out within the projects in cooperation with the Donor Project Partners – mostly experience exchange visits, however assistance of the Donor Project Partners was also essential in implementation of other activities, e.g. organizing the opening events of the projects, participation in regional discussions with PP of the pre-defined project *Smart governance and performance improvement of Latvian municipalities* about the Benchmarking System Model and participation in the process of monitoring the implementation of the projects.

### **Extent of cooperation**

The previously started cooperation between one PP and Donor Project Partner – KS and LALRG (both are non-governmental institutions) – continues within the framework of the programme.

The other partnerships between PPs and Donor Project Partners were established between state institutions and municipalities for the purpose of implementation of the projects and those partnerships are seen as positive and fruitful.

The Donor Project Partners – KS and three Norwegian municipalities – also provide information to the PPs about cooperation possibilities with other municipalities in Norway.

### **Shared results**

Within the reporting period the Donor Project Partners' were involved not only in the activities of the projects, but also beyond the borders of the projects, e.g. in September 2014 experts from the Oppland County in Norway, which is a Donor Project Partner for three pre-defined projects, participated in the seminar *Progress and Synergy of the Pre-defined Projects and Norway Experience*. During the seminar PPs together with experts identified potential synergies and complementarities between the projects, as well as expressed interest in cooperation possibilities between the institutions.

During the seminar experts shared their point of view and emphasized the importance of political level support for new and innovative ideas in order to implement the activities and achieve goals of the programme in a more successful manner.

### **Improved knowledge and mutual understanding**

In March 2014 within the pre-defined project *Implementation of regional policy actions in Latvia and elaboration of regional development measures* there has been a press event in a district *Valdres* in Norway organized. The event was a meeting with representatives of the regional press in order to inform about cooperation between Latvian and Norwegian institutions within the framework of the project.

In 2014 Donor Project Partners participated in organizing opening events of three pre-defined projects by sharing their point of view, knowledge and experience on issues addressed in the projects.

There have been also a number of releases in specialized and in regional media published about the activities, which have been carried out within the reporting period in cooperation between Latvian and Norway institutions. Cooperation and improvement of knowledge between PPs and Donor Project Partners was promoted also during the synergy seminar on 30 September 2014.

We consider that public awareness about contribution of Norway Grants, as well as knowledge and mutual understanding, have been improved. The mutual understanding and development of shared results between institutions in Latvia and in Norway beyond the implementation of the projects will also be promoted through strategic partnerships, which will be established within the pre-defined projects (PP, project partner institutions and target groups) in the following years.

#### **Wider effect**

Taken into account that activities within the pre-defined projects have not been finished yet, the cooperation between the PPs and Donor Project Partners mostly is related to carrying out activities within the projects. However, wider effect will be achieved and cooperation beyond the boundaries of the projects will be facilitated through the strategic partnerships, which will be established within the pre-defined projects in the following years, and measures implemented under the Bilateral Fund.

#### **Complementary action**

On 2-5 June 2014 PO participated in a complementary action organized by the DPP - experience exchange workshop for POs from Baltic States, Bulgaria, Poland and Rumania, where they shared their perspectives on problems and challenges, which POs are facing, as well as best practice examples in different countries in the context with implementation of Norway Grants programmes related to capacity building.

On 4 December 2014 PO participated in a training in Tallinn (Estonia) organized by FMO dedicated to irregularities. During the training representatives of the PO and Agency gained thorough knowledge on what is to be understood by irregularities, which are the most common irregularities and how the irregularities shall be handled.

During the experience exchange event in June, PO started discussions with colleagues from Lithuania and Poland about a possibility to organize joint complementary actions. It was planned that in 2014 PO will organize complementary actions with PO of the programme *PL06 Urban development by strengthening the competence of self-government units, social dialogue and cooperation with civil society representatives* in Poland, but, after discussions, parties reached an agreement, that experience exchange visit will be organized in 2015.

PO also started to coordinate possible dates for a complementary action in Lithuania in both programmes operated by the MoEPRD (also EEA Grants programme *LV02 National Climate Policy*), because complementary action plans of both programmes foresee complementary actions in Lithuania in 2014, therefore PO planned to organize back-to-back events in order to optimize resources needed, however in accordance with request of the PO of the programme *LT02 Integrated marine and inland water management* request, visit to Lithuania was rescheduled to 1<sup>st</sup> half of 2015.

## 7. Monitoring

The project monitoring and control functions within the programme are being carried out by the Agency and the PO. Process of risk analysis and monitoring, as well as procedure for on-the-spot verifications are described in the management procedures of the Agency and the PO, and in the guidelines of the NFP. On-the-spot verifications are being carried out on the basis of risk analysis for each of the projects.

Project risk analysis is being updated twice per year, every 6<sup>th</sup> month after the first risk analysis that is done after signing project contract or verifying expenditures of the 1<sup>st</sup> project report. The Agency and the PO shall monitor all high risk projects every project implementation year and at least twice during project implementation period, but all medium and low risk projects twice during project implementation period.

Within the reporting period Agency evaluated six project reports and two project reports were evaluated by the PO. PO accomplished five initial screenings of the project procurement in 2014 and there were no substantial flaws in procurement documentation and procedures revealed. Initial screenings of the project procurement in 2015 will be performed according to the plan. Initial screenings are being planned based on the project risks analysis developed in line with the methodology for initial screenings (random checks).

Monitoring visits in 2014:

Institution that carried out monitoring visit	Time of monitoring visit in 2014	Project promoter, title of project	Objective of monitoring visit	Main conclusion/findings/recommendations
PO	May	LALRG "Smart governance and performance improvement of Latvian municipalities"	Monitoring of 1 <sup>st</sup> Project report and documents that verify project promoter expenditures	In general project implementation corresponds to the plan according to project application. Some defects in project publicity, project partner reports and market research were detected, that was corrected until verification of second project report.

Within the reporting period PO carried out one on-the-spot verification with the aim of monitoring 1<sup>st</sup> project report and cost supporting documents. During the on-the-spot verification following main conclusion was made – activities within the project are being implemented in accordance with the planned schedule. Agency planned to carry out the first on-the-spot verifications in three projects within the period August - November 2014, however, due to delays in project report submissions, on-the-spot verifications will be carried out in the 1<sup>st</sup> quarter of 2015. During the verifications the guidelines for on-the-spot verifications of the NFP are being taken into account.

## 8. Need for adjustments

During the reporting period, no amendments to the programme were made, however in January 2015 the NFP in accordance with request of the PO addressed the FMO proposing to specify the targets of the indicator to be achieved within the programme – 20 developed strategic partnerships and to include in the programme agreement the bilateral indicator provided in DoRIS under programme bilateral indicator – four project partnership agreements in the beneficiary public sector. Both indicators overlap because:

- both indicators are resulting from the programme's four pre-defined projects where establishment of total of 20 partnerships is planned;
- as the result, 20 established strategic partnerships include also four project partnership agreements. This inaccuracy happened due to the fact that the programme outcome/output and bilateral indicators were defined in different times.

Due to these circumstances amendments to the programme agreement could occur in 2015.

## 9. Risk management

Initially there have been four risks in the programme proposal identified– (1) Delays in programme approval process, (2) Low participation of target groups, (3) Insufficient financial flow and (4) Political and legislative changes. The risk Possible delays in programme approval process was excluded after approval of programme proposal and signing of the programme agreement. In December 2013 PO approved an internal procedure on risk management and updated programme's risk list, a risk management work group was established as well. As a result three risks remained from the programme proposal and three additional risks were identified – (1) Non-fulfilment of programme outputs and outcomes, (2) Personnel changes, (3) Delay of implementation of programme measures.

In accordance with internal procedures of the PO, the risks of the programme are being reviewed twice a year. In August 2014 PO reviewed the risks, however, since there were no proposals for changes in the risks submitted, the risks remained unchanged and the risk management work group approved the risk list, as well as the risk management plan of the programme.

In December 2014 PO reviewed the risks of the programme and updated the risk list leaving three risks unchanged – Non-fulfillment of programme outputs and outcomes, Personnel changes and Political and legislative changes. One risk, after estimation of the current situation, was removed - Insufficient financial flow, because the likelihood of the risk associated with the state budget pre-financing is very low having regard to the international commitments, which have been undertaken by the Latvian government. Additionally, two risks in the risk list of the programme were specified – the risk Low participation of target groups was specified to Low participation of target groups in implementation of measures of the Bilateral Fund and the risk Delay of implementation of programme measures was specified to Delay of implementation of programme measures and delay of acquisition of the financing.

In total there are two risks with likelihood "likely", two – with likelihood "possible" and one with – "unlikely". There are two risks with consequence "major" and three risks with consequence

“moderate”.

## 10. Information and publicity

With reference to the Communication Plan provided in the Programme proposal (ref. Chapter 3.13 of the Programme Operators’ Manual) give a summary of the activities carried out during the reporting period.

On 17 May 2014 representatives of the PO participated in an informative event of the EEA and Norway Grants dedicated to celebrating 200<sup>th</sup> anniversary of the Norwegian Constitution. During the event representatives of the PO informed interested participants about programme’s planned results.



*Participating in the event dedicated to celebration of 200<sup>th</sup> anniversary of the Norwegian Constitution  
17.05.2014.*

On 29 September 2014 PO participated in organizing a conference in Rezekne (Latvia) *Innovation in the Public Sector: From Ideas to Action*, which is described in the section No 6 of this annual report. Through this conference development of bilateral relations between institutions in Latvia and Norway was supported and the recognition of the Norway Grants in the Beneficiary state was promoted.

In accordance with the Communication Plan of the programme during 2014 PO regularly updated information provided on the website devoted to activities of the programme: [http://www.varam.gov.lv/eng/fondi/EEA\\_Norv/Kapacitate/](http://www.varam.gov.lv/eng/fondi/EEA_Norv/Kapacitate/), thus providing with the latest information all the interested members of society.

As the best practise example within the programme, the pre-defined project *Integration of specially protected nature territories of Latvia in spatial plans* implemented by the Nature Conservation Agency is to be mentioned. PP of the project has developed a visually very easily perceptible web page of the project, which is a best practice example of using the color palette recommended in the Communication and Design Manual for the sector. Within the project two sectors are being addressed – *environmental protection and management* and *human resources and social development*, therefore in the logo, developed for the identification of the project, are two colors combined. For more information visit following link to the web page of the project: <http://integralplan.daba.gov.lv/public/eng/>.



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

PO has defined the objectives to be attained within the programme and has been carrying out good governance principles in accordance with internal and external laws and regulations.

The activities foreseen within the framework of the programme are directly targeted at introduction of good governance principles at all levels of state administration, the activities are targeted towards strengthening civil community and promoting sustainable development in a long term. Participation and involvement of members of local societies in elaboration of development planning documents is being ensured by providing local public discussions. Transparency and involvement are being also ensured by making available the latest information about important issues and progress in the web pages of the PO and the pre-defined PPs.

PO has ensured transparency, by inviting representatives of the NFP, FMO and The Royal Norwegian Embassy in Latvia to CC meeting of the programme. Transparency and availability have also been ensured by providing free access and all the necessary information to the Auditing Authority. Availability in regard to other involved parties has been addressed by providing assistance and consultations to the PPs in cases there was a need identified.

At the level of pre-defined projects, there is great emphasis imposed on taking over and adopting best practices in order to improve the quality of services provided by local governments, which contribute to efficient use and planning of municipal budget.

Implementation of the programme creates pre-conditions for increasing the economic activity in regions, which, in turn, will give rise to employment opportunities and will enhance balanced territorial development; the programme also gives pre-conditions for improving the accessibility and reachability of services in regions.

Within the programme concern of sustainable development is being addressed by implementing such projects, which provide introduction of the principles of continuity and social, economical and environmental sustainability, including environmental protection as an integral component of development planning. The pre-defined projects of the programme make an indirect positive impact on the environment by providing strategic environmental impact of the territorial development planning documents according to the legal acts of Latvia. PPs ensure addressing the aspect of sustainability by implementing the projects in accordance with the regulative documents for the sustainable development at the National level such as Latvian Sustainable Development Strategy and the Latvian National Development Plan, as well as at the level of European Union e.g. European Landscape Convention.

During the implementation of the programme attention has been drawn to the aspect of gender equality as well - there were no cases identified where genders would not be treated equally at any level.

## **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 also attach a list of projects that you think needs to be highlighted either for communication purposes or as examples of best practices.*

#### Best practice examples:

- Pre-defined project *Smart governance and performance improvement of Latvian municipalities* implemented by the Latvian Association of Local and Regional Governments (a good example of cooperation with Donor Project Partner; see section No 6 *Progress of bilateral relations*)
- Pre-defined project *Integration of specially protected nature territories of Latvia in spatial plans* implemented by the Nature Conservation Agency (a good example of publicity web-page; see section No 10 *Information and publicity*)

### 14. Attachment to the Final Programme Report

Financial annex, see attachment 2 of the Programme Operators Manual

## Annex 1: Risk assessment of the programme

Programme #	Type of objective <sup>1</sup>	Description of risk	Likelihood <sup>2</sup>	Consequence <sup>3</sup>	Mitigation planned/done
	Cohesion (Programme) outcomes:				
		<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.	Possible	Major	PO and Agency ensures monitoring in accordance with the Monitoring plan and controlling the progress in achieving the projects results within the pre-defined projects; PO and the Agency advice PPs and assist in solving problems within their competence.
	Bilateral outcome(s):				
	Operational issues:				
		<b>Low participation of target groups in implementation of measures of the Bilateral Fund</b> Lack of interest and involvement of PPs in implementation of measures of the Bilateral Fund could affect development of bilateral relations and achievement of indicators related to bilateral relations.	Likely	Moderate	PO organizes informative events in order to attract representatives of the target groups to submit proposals for implementation of the measures of the Bilateral Fund. PO acts in a responsive manner in case of any guidance is needed by PPs.
		<b>Political and legislative changes</b> Unforeseen political decisions affecting PO or programme target group institutions structure, unexpected changes in	Unlikely	Moderate	PO is monitoring possible political and legislation changes affecting the programme. PO has elaborated and updated the Control Management System for

<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.

		the binding legislation could endanger implementation of the programme.			implementation of the programme, for cases of unexpected changes in internal structure of the PO, which foresees responsibilities and jurisdictions.
		<b>Personnel changes</b> Frequent changes of personnel involved in programme implementation could impede effective programme implementation and could 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 activities of the programme there is more than one employee involved - to avoid situation when change of responsible employee would affect implementation of the programme. Additionally personnel are being provided with good work conditions.
		<b>Delay of implementation of programme measures and delay of acquisition of the financing</b> The available financing could be not acquired due to delays in the implementation of programme measures and procurement procedures.	Likely	Major	PO ensures monitoring of the pre-defined projects in accordance with the monitoring plan and evaluation of the risks within the projects. PO and the Agency examine the PPs public procurement plans and carry out on-the-spot verifications in order to verify cost supporting documents.

## Annex 2: Monitoring plan 2014 - 2015

Programme's monitoring plan 2014-2015:

Activity	2014				2015			
	IQ	IIQ	IIIQ	IVQ	IQ	IIQ	IIIQ	IVQ
1. Signing of the pre-defined projects contracts	x							
2.Submission of the Annual Report to the FMO	x				x			
3.Preparation and submission of the interim reports of the Programme Operator to the FMO	x	x	x		x	x	x	
4. Pre-defined project promoters submit the project reports and payment requests to the PO and the Agency	x	x	x	x	x	x	x	x
5. PO and the Agency evaluate and approve received project reports of the pre-defined projects and if necessary request for additional information	x	x	x	x	x	x	x	x
6.Monitoring the implementation of the pre-defined projects	x	x	x	x	x	x	x	x
7. PO and the Agency carry out on-the-spot-verifications of the pre-defined projects		x			x			
8.Collection and measurement of indicators of the pre-defined projects		x		x		x		x
9. Programme CC meetings		x		x		x		x

In order to verify whether pre-defined PPs are implementing the projects in accordance with requirements of legislative acts regarding the programme implementation and project contracts, the internal procedures of the PO and the Agency foresee to carry out the four on-the-spot- verifications.

Following on-the-spot verifications of the pre-defined projects are planned in 2015:

Institution that carries out monitoring visit	Time of monitoring visit in 2015	Project promoter, title of the project	Objective of monitoring visit
Agency	January	<i>MoEPRD</i> "Increasing territorial development planning capacities of planning regions and local governments of Latvia and elaboration of development planning documents"	Monitoring of 2 <sup>nd</sup> Project report and documents that verify project promoter expenditures
Agency	January	<i>Nature Conservation Agency</i> "Integration of specially protected nature territories of Latvia in spatial plans"	Monitoring of 2 <sup>nd</sup> Project report and documents that verify project promoter expenditures

Agency	February	<i>MoEPRD</i> "Implementation of regional policy actions in Latvia and elaboration of regional development measures"	Monitoring of 3 <sup>rd</sup> Project report and documents that verify project promoter expenditures
PO	March	<i>LALRG</i> "Smart governance and performance improvement of Latvian municipalities"	Monitoring of documents that verify project promoter expenditures, as well as documents that proves implementation of cooperation agreements within project, etc.