

APSTIPRINU:
Vides aizsardzības un reģionālās attīstības ministrijas
Programmas apsaimniekotāja atbildīgā amatpersona
Valsts sekretāra vietnieks
Sandis Čakuls

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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 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

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 (hereinafter – MoEPRD) as the Programme Operator (hereinafter – PO) in cooperation with the Donor Program Partner – the Norwegian Association of Local and Regional Authorities (hereinafter – DPP), which is also a Donor Project Partner, in this case referred to as KS. The programme is being implemented by a way of 4 pre-defined projects:

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

In 2015 there has been a significant progress towards achieving the outputs and outcomes of the programme made, as well as the programme has contributed to strengthening bilateral relations and reducing economic and social disparities by enhancing human resources development and promoting evidence-based development planning in Latvia. By the end of 2015 there have been 4 out of 4 networks for local authority cooperation and service quality improvement established and operating, elaboration of benchmarking database for local service performance measurement has been started, 42 out of 59 foreseen planning documents at local and regional level have been drafted and/or updated, there have been 36 experience and knowledge exchange events between institutions in Latvia and in Norway organized and there has been 1 strategic partnership established.

In III quarter 2015, after PO was informed on possibility for an exceptional extension of the final date of eligibility of selected projects, PO harmonized proposal for requesting extension of 3 projects with Cooperation Committee (hereinafter – CC) members. On 13 October 2015 PO received official decision from FMO for granting the extensions.

During the extension period all 3 pre-defined projects are planning not only to finalize the initially foreseen activities, but also to use the opportunity and implement additional activities using the financial savings. These will include training seminars for municipal political and administrative level representatives' capacity enhancing, additional functions for Benchmarking Information System, organizing 2nd regional innovative ideas competition and other.

In 2015, there have been 3 events under the Fund for Bilateral Relations (hereinafter – BF) organized, which contributed to strengthening and enhancing cooperation between entities in Latvia and Norway and ensured transfer of knowledge and best practise examples.

PO and Agency carried out project monitoring measures in accordance with the monitoring plan of the programme and internal procedures of the PO and the Agency. There has been 1 on-the-spot verification of the project carried out by the PO and 4 on-the-spot verifications – by the Agency.

In 2015 Risk management work group has reviewed risks of the programme twice – in January 2015 and after the decision of the FMO on the granted project extensions – in November 2015. Several risks' score has been lowered after the project extensions had been granted, the risks Possible non-fulfilment of programme outputs and outcomes and Delays of implementation of programme measures likelihood was lowered from possible to unlikely. New risks in implementation of the programme have not been identified.

2. Programme area specific developments

The overall national regional policy in the medium term is determined by the Regional Policy Guidelines 2013–2019. The Guidelines set out the main conditions for the implementation of regional policy, including investment support to functional focus areas set out in the Strategy “Latvia 2030”, a broader territorial approach to the provision of investment, focus on stimulating the economy and improving the business environment at local and regional level, municipalities and regions more active role in spatial development.

During the Latvian Presidency of the Council of the EU, there was the Riga declaration for

the EU City Programme prepared. It was approved On 10 June 2015 at the informal meeting of EU ministers on territorial and urban development issues (please see here: https://eu2015.lv/images/news/2015_06_10_EUUrbanDeclaration.pdf). It was mainly prepared based on the Research on territorial development planning in small and medium sized towns in Latvia, Norway and other European countries developed within the programme in 2015. It contains the main elements and principles for developing the EU City Programme to promote sustainable urban development. The Declaration emphasizes the significant role of small and medium size cities' on the overall context of territorial development, which was also the special priority of Latvian Presidency. The Declaration is important for Latvia due to the fact that the main part of Latvian cities on the scale of European Union is considered small or medium size.

During 2015 there was a particular attention drawn to the most remote region of Latvia – Latgale. Taking into account the regional development disparities in Latgale towards other regions, there was an Action plan drawn up for development of Latgale region for 2015 – 2016. The Action plan is aimed at the promotion of economic development, increasing regional welfare and life quality in the region. Purposefully promoting development of the Eastern border areas, it is possible to keep the Eastern border density of population and improve the socio-economic situation in the area, which is essential both from the point of view of national security, as well as interests of residents.

In accordance with the Action plan for development of Latgale for 2015 – 2016, the Cabinet of Ministers supported the bill “Latgale Special Economic Zone Law” which intends to create a special economic zone for the Latgale region. The bill states that size of the special economic zone cannot exceed 5% of the area of the Latgale region, the Cabinet of Ministers has the rights to determine the list of territories in the Latgale region to which the status of a special economic zone will apply. The aim of creating the special economic zone of Latgale is to promote development of Latgale region, attracting investments for development of production and infrastructure, and creating new workplaces.

Taking into account the aforementioned, the territorial development documents at the regional and local level developed in the programme are to be viewed as an important instrument of regional policy revitalization, because they will serve as basis and condition for investment allocation within the context of the support measures.

Evaluating activities of planning regions during 2015, it was concluded that in certain areas sector ministries view regions as important partners for implementation of sectoral policies, e.g., in the fields of youth policy, tourism development, social services. At the same time one of the most essential functions of the planning region is the cooperation of municipalities in solving common issues.

Following the example of Latgale Region, in 2015 in all 5 planning regions there were entrepreneurship support centers established. Assessment of existing and prospective deployment of services in Latvia elaborated within the programme will serve as an essential prerequisite for determining the territorial distribution of services in planning region territorial development planning documents.

Regarding the EU funds planning period 2014 – 2020 – municipalities will be able to apply for financing under the European Regional Development Fund in the amount of 64 million

EUR for investing in the development of public infrastructure and utilities intended to support small and medium enterprises in the regions, i.e. creating the territories, buildings and their infrastructures, access roads, utilities' access points necessary for business.

Municipalities will also have the opportunity to start the implementation of urban revitalization projects, which are identified as priority public infrastructure investment projects in their development programmes, thus creating new workplaces and promoting private investment attraction. The total funding until 2020 is planned to be not less than 311.3 million EUR, including European Regional Development Fund financing of 264.6 million EUR and national funding not less than 46.7 million EUR.

3. Reporting on outputs

3.1. The programme outputs will be achieved in a way of implementing 4 pre-defined projects.

Table of output indicators of the programme:

Output indicator	Baseline	Target	Achieved in 2015	Achieved in total
Output 1: Local authorities performance improvement system elaborated				
Established networks for local authority cooperation and service quality improvement	0	4	-	4
Established database for local service performance measurement	0	1	0	0
Output 2: Integrated planning system in local, regional and state level developed and operational				
Drafting and updating of planning documents at local, regional and national level	1	60	42	42
Number of state, regional and local authorities that have introduced territorial approach for investment planning	0	25	0	0
Output 3: Systematic exchange of knowledge and experience among Latvian and Norwegian authorities				
Number of organized experience and knowledge exchange events	0	15	23	36
Strategic partnerships developed	0	16	1	1

Under output 1 **Local authorities performance improvement system elaborated**, there are 2 output indicators identified:

- *Established networks for local authority cooperation and service quality improvement*: all 4 in 2014 established networks for local authority cooperation and service quality improvement (strategic management network, social work and access to health care network, public services and housing policy network, education and culture network) have been operating on a regular basis. The meetings and the networking of the

participants in between the meetings have provided the knowledge and information sharing between the involved municipalities and data analysis necessary for the elaboration of marketing strategy, sectoral development plans or service improvement plans in each individual municipality participating in the networks.

- *Established database for local service performance measurement*: in July 2015 the public procurement procedure has been completed for the selection of the elaborator of the benchmarking database for local service performance measurement and development of the database has been launched; the database will be introduced in I/II quarter 2016.

Under output 2 ***Integrated planning system in local, regional and state level developed and operational***, there are 2 output indicators identified:

- *Drafting and updating of planning documents at local, regional and national level*: major part of foreseen planning documents at local and regional level have been drafted and/or updated – 42 (out of 59). In some parts the target was exceeded (it was planned that 22 local–level development documents would be developed, instead, there have been 28 municipality development documents developed, for 27% exceeding the goal), thus contributing to progress towards programme outcome – more strategic decisions based on coordinated planning system had been made. There have also been all 9 planning documents at regional level developed. They will serve as basis for investment allocation within the context of the support measures.
- *Number of state, regional and local authorities that have introduced territorial approach for investment planning*: will be achieved in 2016. Currently 6 out of 30 municipalities have already submitted the foreseen local development programmes, which will be reviewed and harmonized by Regional Development Coordination Council (a collegial consultative body established by Cabinet of Ministers and coordinates regional development, spatial planning and land policy in the country) in 1st half of 2016.

Under output 3 ***Systematic exchange of knowledge and experience among Latvian and Norwegian authorities***, there are 2 output indicators identified:

- Within the reporting period 23 experience and knowledge exchange events between institutions in Latvia and in Norway have been ensured and the total planned amount has been reached – planned amount according to programme agreement – 15, according to project level documentation – 29, implemented number of events in total – 36 events, thus for 24% exceeding the initially planned amount and ensuring transfer of knowledge for implementation of activities within the projects, as well as supporting and promoting establishment of strategic partnerships and enhancing mutual understanding. Exceeding of the target has been achieved due to the fact, that during implementation of the Smart governance project, there was a need for an additional transfer of knowledge in particular fields identified; therefore there were experts of Norway involved in some of the project events not foreseen initially. For instance, director of Norwegian Labour and Welfare Administration in Drammen municipality in Norway took part in the social work and access to health care network meeting in May 2015 in Jelgava, Latvia. Systematic exchange of knowledge and experience among Latvian and Norwegian authorities has been practiced to a great extent in 2015.

- There has been 1 strategic partnership between entities in Latvia and in Norway established, which will increase development of shared results, wider effect from knowledge and experience exchange between institutions in Latvia and in Norway in area of entrepreneurship promotion. In order to support and promote establishment of strategic partnerships, the financing of the BF has been used on several occurrences – all 3 BF events in 2015 have been aimed at establishment of closer contacts and strategic partnerships – there has been a particular attention devoted to promote achieving of this output in 2015. Although these measures have not yet resulted in official documents, it is planned that the output will be achieved in 2016. The achieving of the indicator has been challenging mainly due to administrative territorial reform process in Norway, which affects the Norwegian municipalities, their priorities and future cooperation plans.

Both the active participation in municipal networks and the planned database for local service performance measurement contribute to achieving expected programme outcome due to significant input in enhancing institutional capacity and development of human resources in municipalities, which contributes to increased satisfaction of municipal services' recipients and users' satisfaction with municipal services.

All projects have made a significant input into achieving the outcomes and outputs of the programme, as well as the programme has contributed towards strengthening bilateral relations and reducing economic and social disparities by enhancing human resources development and promoting evidence-based development planning in Latvia. Establishment of future partnerships, elaboration of database for local service performance measurement and introducing territorial approach for investment planning in municipalities will further contribute to achieving the aim of the programme.

3.2.

Regional policy project

In 2015 the "Knowledge Angels" programme has been completed, thus all 15 training seminars have been carried out. Altogether more than 400 specialists of various state, regional and local institutions, as well as educational institutions and NGOs have taken part in the "Knowledge Angels" programme and participated in simulation games, workshops, team presentations and discussions related to entrepreneurship promotion and support.

During 2015 support to 6 municipalities for participation in international exhibitions has been provided, which promoted popularization of resources of the concrete municipality at the international level.

Regional innovative business idea competition has been organized in all 5 Latvian regions. In total there have been 224 ideas submitted. The competition was very successful and it is planned to organize 2nd round of the competition in 2016 in the extension period of the project.



Participants of innovative business idea competition in Kurzeme region

In 2015 there has been an investment catalog for Latgale region developed (<http://latgale.lv/lv/files/download?id=3374>), which serves as an important marketing material, when Latgale region takes part in investment forums and experience exchange visits. In 2015 Latgale region participated in 2 investment forums – in Poland and Estonia.

Development planning capacity project

In 2015 there have been situation analysis and scenario development simulation game "Future city" training seminars carried out. Altogether there have been 5 seminars organized, 3 of which in 2015. Representatives of local governments, NGOs and informal groups of people living in the municipalities cooperated in order to find creative and financially simple solutions to stimulate economic activity and community participation in a particular municipality.

In 2015 the Community Development Training programme and the Inter-Municipal Cooperation programme have been finalized. During the community programme with 6 pilot-communities has been trained at strengthening the capacity of local communities of Latvia in local planning. During the municipality cooperation programme, more than 50 specialists of Latvian municipalities have been trained at strengthening local and regional economical cooperation clusters, governance / communication and cooperation techniques, as well as best practice from various other countries and Latvia.

During the reporting period there have been guidelines prepared for establishing linkage between spatial development planning and budget planning at local level. The guidelines have been prepared based on Norwegian experience, as well as Norwegian municipal statistical information system KOSTRA, and presented to Latvian municipalities during 5 regional seminars, where more than 200 municipal specialists took part.

In 2015 an evaluation of public services in Latvia has been carried out. Based on demographic trends, Latvian population structure and forecasts to 2020 and 2030, there has been territorial distribution of education, culture, health care and social services analyzed. There have also been guidelines prepared for institutions involved in territorial planning development. The guidelines will help to elaborate higher quality development planning documents.

During 2015 there have been 28 municipality development documents developed, as well

as development programmes and sustainable development strategies for Kurzeme, Zemgale, Vidzeme and Riga Planning Regions developed (please see here: <http://goo.gl/MHRBS5>). In 2015 there has been also Action plan drawn up for development of Latgale region for 2015 – 2016. The Action plan is aimed at promotion of economic development, increasing regional welfare and life quality.

Additionally there has been a significant research – Research on territorial development planning in small and medium sized towns in Latvia, Norway and other European countries developed within the project (final delivery: <http://goo.gl/MHRBS5> – under project summary of 30 November 2015). It was the main base of the Riga declaration for the EU City Programme approved during Latvian Presidency in 2015.

Nature conservation project

During the reporting period there has been a public procurement procedure finalized for elaboration of the Concept for integration of nature management plans and spatial planning documents carried out. As a result in the IV quarter of 2015 there has been the 2nd version of Concept elaborated. On 9 December 2015 there has been a public discussion organized, presenting 3 different solutions to the Concept. During 2015 there have been proposals and comments on the Conception received from the Norwegian experts, which were evaluated and taken into account.

In 2015 work on elaboration process of 15 nature management plans for Natura2000 specially protected territories continued. Since each plan is a very complex document, in most parts involving various interests of several municipalities in each territory. Until the end of 2015 there have been 3 – 4 monitoring committee meetings held in each specially protected territory, where involved parties and experts reviewed and discussed the progress of developing managing plans, and public hearing meetings already in 4 territories have been organized.

Smart governance project

In 2015 one of the central on-going activities of the project has been operation of 4 thematic cooperation networks of the municipalities established in 2014 involving 44 municipalities (strategic management network, social work and access to health care network, public services and housing policy network, education and culture network). During 2015 there were 44 network meetings organized.



Demonstration of *kanis* therapy during meeting of social work network, 2015

In 2015 PP organized several municipal training activities – 7 seminars for network participants on strategic management of local governments and 10 training seminars teaching how to conduct user satisfaction surveys. The latter were open not only for 44 pilot local governments involved in the project but for all municipalities in Latvia. 5 training seminars on calculation of Investment attraction index for municipalities have been organized, as well.

During 2015 the final draft of the Benchlearning System Model for Latvian municipalities was elaborated and approved by the monitoring committee of the project. The document presents opinions for discussion and testing during the project lifetime.

In July 2015 the public procurement procedure has been completed for the selection of the elaborator of the benchmarking database and the development of the database started.

4. Reporting on Programme outcome(s)

The programme outcomes will be achieved in a way of implementing 4 pre-defined projects and the activities foreseen within the projects.

Table of outcome indicators within the programme:

Outcome: Enhanced capacity and quality of the services provided by public institutions, local and regional authorities through enhanced institutional capacity and human resources development			
Outcome Custom Indicator	Baseline	Target (%)	Achieved in total
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

In 2015 there was a significant progress towards achieving the output indicators made, however, in order to ensure the quality of the measurement of outcome indicators, the assessment will be made in 2016 – after completion of project activities.

The bilateral indicator of the programme:

Bilateral indicator			
Indicator	Baseline	Target	Achieved in total
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.

Additionally, institutions involved in the programme implementation are observing development of current issues in Europe and have reacted accordingly – Smart governance project in cooperation with KS have recognized the need to build capacity of Latvian state and local level institutions in this matter. As a result on 19 January 2016 there was a conference on Norwegian experience in asylum seekers policy held. It is also planned that financing of the BF will be used in 2016 in order to enhance human resources capacity of Latvian institutions taking over experiences and knowledge of corresponding Norwegian institutions regarding the asylum seekers crisis.

5. Project selection

n/a

6. Progress of bilateral relations

In 2015 there have been 3 events under the BF organized. The most significant one was organized in a close collaboration between PPs of 3 pre-defined projects (Regional policy project, Development planning capacity project and Smart governance project), DPP and PO on 27 – 28 May 2015 in Mark Rothko Art Centre in Daugavpils (Latvia). His Excellency Ambassador of Royal Norwegian Embassy in Latvia Mr Steinar Egil Hagen took part in the event and spoke highly on already existing partnerships at various levels in Latvia, as well as emphasized the importance of municipal level cooperation. The aim of the event was to provide an opportunity for Latvian and Norwegian political and administrative level representatives to meet in order to establish closer contacts and learn about mutual cooperation opportunities, particularly in the context of regional development, as well as to discuss revival of existing and establishment of new possible strategic partnerships. Participants were not only introduced to various cooperation possibilities, but also discussed mutual cooperation directions and in participants' questionnaire shared impressions on possible cooperation partners of interest. Representatives of 27 institutions from Latvian side and 14 institutions from Norwegian side took part in the event. Altogether 87 participants exchanged knowledge, shared experiences and future cooperation ideas, as well as exchanged contacts.



Experience exchange and partnership strengthening event in Daugavpils, 27 – 28 May 2015

Resulting from the event in Daugavpils, on 24 – 26 November 2015 political-level representatives of 7 Latvian municipalities and MoEPRD visited Norway, Østfold region, in order to strengthen and enhance mutual strategic cooperation. During the visit, parties discussed number of issues significant for cooperation: capacity of municipalities and development planning policy – opportunities, responsibility and support for development of entrepreneurship, youth entrepreneurship and initiatives support policy, as well as discussed other current issues related to municipal development (including expected administrative-territorial reform in Norway), which is also one of the challenging factors in making progress towards achieving output *Strategic partnerships developed*.



Visit of 7 Latvian municipalities to Østfold region in Norway, 24 – 26 November 2015

Additionally, on 8 – 10 June 2015 Nature Conservation Agency organized an experience exchange visit to Norway, where 7 representatives of Nature Conservation Agency and MoEPRD gained information on legislation of Norwegian nature management, including integration of planning, nature preservation and management documents. The gained insight was useful in developing and evaluating conception and methodology for integration of nature protection plans of specially protected areas into spatial development planning documents of municipalities in Latvia.



Experience exchange event in Trondheim region in Norway, 8 – 10 June 2015

Cooperation between PO and DPP in 2015 was successful and there have been several events organized with participation / support of the DPP. On 13 May 2015 the 2nd publicity event – Interim Assessment Seminar of the programme took place. It was organized in cooperation between PO and DPP, which assisted in preparing the agenda and participating.

On 9 – 11 September 2015 PO in cooperation with DPP organized 8th CC meeting in Oslo, Norway. During the meeting parties discussed issues regarding progress of the implementation of the programme and achieved results. DPP ensured that participants were also introduced to results of a study financed by the Norwegian Ministry of Local Governments and Modernisation

on impact of cities and its surrounding areas on economic growth in Norway, which is an important issue in Latvian regional policy. DPP also provided an activity to extend cultural understanding between participants – visit to Astrup Fearnley Museet, a museum of contemporary art in Oslo.

During the CC meeting parties discussed possible project extensions, as well as parties made a decision on requesting project extensions for 3 pre-defined projects.

Progress towards the goal of strengthening bilateral relations referring to 4 outcome areas:

1. Extent of cooperation

23 smaller and larger scale experience exchange events have been organized in 2015 at the project level. They provided experience and knowledge transfer between entities and experts from Latvia and Norway on the subject matters for varied spectrum of participants – local politicians, municipal and regional-level employees, local entrepreneurs and NGOs, thus building their capacities in good governance, performance improvement, human resources development, local services users’ satisfaction, entrepreneurship promotion, development planning etc. and improving extent of cooperation significantly.

During implementation of the Smart governance project, there have been issues identified, where additional transfer of knowledge in particular fields was needed; therefore there were additionally experts of Norway involved in 7 of the project events. For instance, director of Norwegian Labour and Welfare Administration in Drammen municipality in Norway took part in the social work and access to health care network meeting in May 2015, as well as on educational and cultural network meeting in May 2015 advisors of Norwegian Association of Local and Regional Authorities presented details on Norwegian education system, quality improvements in education - structure, process, results, evaluation, teacher professionalism – knowledge, skills, motivation.

2. Shared results

In 2015 there were several events organized / activities implemented, where involvement of Norwegian side was essential. Experience exchange activities in every project were organized for a specific purpose and themes in order to ensure the most effective exchange of experience and best practice transfer between parties.

Within Nature conservation project, the comments and recommendations provided by Norwegian partners in 2015 helped to improve the conceptual solutions for management plans of specially protected nature areas integration into planning documents of Latvian municipalities, which are being elaborated within the project, thus ensuring varied and many-sided approach to elaboration the conceptual solutions.

The main goal of experience exchange activities within the Development planning capacity project was to provide necessary knowledge and experience, so that participants – municipalities and planning regions of Latvia, could successfully develop planning documents or methodological materials. Planning regions of Latvia developed both long and medium-term development planning documents within the project as a result of the gained information, experience and skills.

3. Improved knowledge and mutual understanding

Bilateral cooperation has brought closer both the people and the institutions they represent, in order to strengthen their capacity. Thanks to the activities within the Development planning capacity project and relevance of the issues addressed, as well as the fact that

during implementation of the project it is being followed closely, whether the identified problems and proposed solutions are still important for the target groups of the programme, awareness towards impact of Norway Grants has been raised in Latvia.

Given that the programme, both directly and indirectly, involves almost all of Latvian municipalities and during elaboration of planning documents public discussion process was always ensured, the regional press and electronic media regularly published press releases on the activities within the projects, spreading information on the progress and planned impact.

4. Wider effect

Cooperation both within and beyond initially identified fields between entities in Latvia and in Norway has been carried out during several different activities / events. During the municipality cooperation network meetings within Smart governance project participants identified a need for a new experience exchange event in 2016 in response to the common European challenge on how to accommodate the huge influx of asylum seekers. This led to an idea of organizing a conference for Latvian municipal and state institutions on Norwegian experience with accommodating and integrating refugees and asylum seekers, which was successfully organized on 19 January 2016.



Conference on issues related to asylum seekers, 19 January 2016

PP of the Smart governance project has already contacted PO regarding an idea for a planned BF event in 2016, where representatives of Latvian institutions are willing to explore practical aspects of Norwegian reception system, settlement and integration of asylum seekers, with the special focus on municipal responsibilities. The event will be organized in cooperation with KS. PP will provide transfer of information and good practice also to non-participating municipalities in Latvia.

During the BF event organized by the Nature Conservation Agency in June 2015, there was a meeting with an institution arranged, with which it is planned to establish strategic partnerships – Norwegian Environment Agency. The event provided an opportunity to establish closer contacts and start the negotiations on the possible cooperation agreement between both institutions.

Complementary action

In 2015 it was initially planned to organize experience exchange events under complementary actions with Pos of Polish, Lithuanian and Hungarian capacity building programmes, however, due to the difficulties, which Hungary faced during implementation of Norway/EEA Grants, following the advice of DPP, Hungary was exchanged for Bulgaria, which also implements corresponding programme.

In April 2015 PO addressed Polish, Lithuanian and Bulgarian POs, inviting them to the interim assessment seminar in Riga in order to introduce them to the programme and projects implemented in Latvia. Unfortunately, none of the addressed was able to participate in the seminar, however, the negotiations about possible joint experience exchange events have currently been resumed and it is planned that a complementary action with the Polish PO would take place in II quarter 2016.

PO will address also both other POs (Lithuanian and Bulgarian) in 2016 in order to organize experience exchange events, thus strengthening bilateral relations and establishing closer cooperation between Beneficiary States.

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 6th month after the first risk analysis that was done after signing project contract or verifying expenditures of the 1st project report.

In 2015 Agency carried out 4 and PO carried out 1 on-the-spot verification with the aim of monitoring project reports and cost supporting documentation.

During on-the-spot verification of Development planning capacity project in February 2015 following main conclusion was made by the Agency – the activities within the project were implemented in accordance with the planned schedule, however several imprecisions were found in the documentation, thus conclusion of the verification contained some findings, and a repeated on-the-spot verification was carried out. During the repeated on-the-spot verification of Development planning capacity project in April 2015 following main conclusion was made – the activities within the project were implemented in accordance with the planned schedule, imprecisions had been eliminated and the conclusion of the verification was positive.

During on-the-spot verification of Nature conservation project in February 2015 following main conclusion was made by the Agency – the activities within the project were implemented in accordance with the planned schedule and no imprecision were detected in project documentation. Conclusion was positive.

During on-the-spot verification of Regional policy project in March 2015 following main conclusion was made by the Agency – the activities within the project were implemented in

accordance with the planned schedule and no imprecision were detected in project documentation. Conclusion was positive.

In April – May 2015 PO carried out an on-the-spot verification of Smart governance project. There were 2 recommendations from PO about details of implementation of municipal cooperation agreements provided, which were enforced in timely manner by the PP.

8. Need for adjustments

During the reporting period, programme agreement has been modified twice. Following modifications have been made:

1. specified inaccuracy related to indicators to be achieved within the programme. It occurred due to the fact that bilateral indicator for the programme was added after all other indicators were already fixed and in point of fact targets of 2 indicators overlapped. The amendments entered into force on 18 March 2015.
2. final date of eligibility of the programme prolonged until 31 December 2017 due to the granted project extensions. The amendments entered into force on 26 November 2015.

9. Risk management

During 2015 PO has ensured monitoring of 5 risks that have been identified by the 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 BF; risks related to operational issues: (4) personnel changes, (5) delay of implementation of programme measures.

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, possible non-fulfilment of programme outputs and outcomes, as well as low participation of target groups in implementation of activities of BF (all 3 scored high priority). To mitigate these risks PO and Agency provided monitoring of projects and provided consultations for PPs for solving any challenging issues, PO paid particular attention to raising awareness of PPs towards the BF and its possible use for enhancing new partnerships beyond the projects, providing all the necessary information and addressing PPs.

After PO was informed on possibility for an exceptional extension of the final date of eligibility of selected projects on 26 May 2015, the National Focal Point in cooperation with PO developed evaluation criteria for assessing requests of PPs and supporting possible extension. PO and the Agency informed all PPs about possibility to apply for requesting extension of final date of eligibility in justified cases and carried out assessment of the project requests for extension of the final date of eligibility. PO harmonized the list of 3 projects that should be included in application for granting extension with DPP. On 13 October 2015 PO received FMO decision for granting extension.

Within a month after the decision of FMO was received, Risk management work group

reviewed the risks of the programme and updated the risk list and risk management plan.

Risks with the highest score – likelihood combined with consequence, remained the low participation of target groups in implementation of activities of BF (priority – high), as well as delays of implementation of programme measures and possible non-fulfilment of programme outputs and outcomes (priority – moderate). Risks score of delays of implementation of programme measures and possible non-fulfilment of programme outputs and outcomes has been lowered after the project extensions had been granted. Following risks scored the lowest priority – political and legislative changes and personnel changes and new risks in implementation of the programme have not been identified.

To mitigate the risk of low participation of target groups in implementation of activities of BF PO provides consultations to PPs in order to promote submission of applications for implementation of measures under BF. Additionally, PO engaged and assisted in organizing the most significant BF event (May 2015, Daugavpils).

In order to mitigate the risk of non-fulfilment of programme outputs and outcomes PO and Agency ensure monitoring of the projects and progress of outcomes and outputs as well as PO informs CC on project implementation progress. PO and Agency provide consultations to PPs and assist in solving challenging issues within their competence. Additionally, PO in cooperation with Agency assessed possible risks, which could negatively affect project implementation and submitted to NFP application with project list for extension of period of eligibility. As a result FMO approved extension of period of eligibility of projects listed in the application until 30 April 2017.

To mitigate the risk of delay of implementation of programme measures PO and Agency ensure monitoring of projects' implementation in order to ensure that project activities are implemented within foreseen deadlines. PO and Agency are carrying out on-the-spot verifications for projects according to Monitoring plan – in 2015 there have been 5 on-the-spot verifications carried out. PO and Agency provide consultations for PPs and assist in solving challenging issues and problem situations within their competence.

To mitigate the risk of political and legislative changes PO is monitoring possible legislation changes affecting programme implementation. PO elaborated a Programme Management and Control System, for cases of unexpected changes in internal structure of the PO, which foresees change of responsibilities and competences. The System is being updated annually. In case changes in internal structure of PO would occur, all commitments would have been secured by transferring the functions to counterparts in accordance with competencies to ensure successful and continuous implementation of the programme. If legislation changes would occur, amendments in Management and Control System would be made accordingly.

To mitigate the risk of personnel changes PO ensures substitutability of employees and ensures that in implementation of programme activities there are more than one employee involved – to avoid situations, when change or absence of responsible employee would affect implementation of the programme.

10. Information and publicity

On 13 May 2015 PO organized the interim assessment seminar of the programme in order to share achievements and plans within the programme and the pre-defined projects with a wider society:



Interim Assessment Seminar of the programme, 13 May 2015

The seminar was attended by His Excellency Ambassador of Royal Norwegian Embassy in Latvia Mr Steinar Egil Hagen. The audience was mainly representatives of local governments, planning regions and other EEA/Norway Grants programme operators in Latvia (altogether ~50 participants). During the seminar the audience was introduced to already achieved and planned to be achieved results, as well as to bilateral cooperation experience within the programme. The second part of the seminar was devoted to best practice examples within the pre-defined projects of the programme, including the presentation of KS, where experience of Norway in operating municipality “Efficiency Networks” was described and importance of mutual cooperation was emphasized.

Also 3 projects organized the interim events:

- 1) On 30 October 2015 Regional policy project and Development planning capacity project organized a joint interim assessment conference *Latvian regional development challenges and solutions*. The conference was devoted to discussing such relevant issues as importance of public involvement, municipal development planning challenges in the regions and facilitation of territorial development at national and local level, and viewed it in the context of bilateral cooperation. The conference was attended by more than 100 participants from municipalities and planning regions of Latvia, which points out that interest of the target groups of the projects is high and the addressed issues – relevant.



Conference *Latvian regional development challenges and solutions*, 29 – 30 October 2015

2) On 9 December 2015 Nature conservation project organized an interim seminar *Legally binding environmental protection plan*, where current issues related to elaboration of nature protection plans were presented, as well as relevant future prospects were discussed. The seminar was attended by 75 representatives of various municipalities, NGOs, educational institutions, as well as experts of the respective fields.

In 2015 there have been 2 video materials for publicity purposes prepared:

- 1) <https://www.youtube.com/watch?v=2LXeXSFKNos> – about the BF event in Daugavpils by PO;
- 2) <https://www.youtube.com/watch?v=y-R2VEcgEZw> – for investment attraction to Latgale region within the Regional policy project.

A significant publicity was gained during organizing of regional innovative business idea competition within the Regional policy project – there was a promotional campaign on regional TV and regional printed media carried out. There has also a Facebook page created: <https://www.facebook.com/BiznesaEkspressis/>.

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 regulations.

The activities of the programme and the projects are directly influence introduction of good governance principles at all level public institutions. The activities are targeted towards strengthening and building development planning capacity of civil society and promoting sustainable, evidence-based and competent development in the long term. Transparency, wide

participation and involvement of members of local communities in the development planning process is being ensured by providing local public discussions and information in regional media.

PO has ensured transparent programme implementation 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 Audit Authority and Certifying Authority. Availability in context of other involved parties has been addressed by providing assistance and consultations to the PPs in cases there was a need identified. PO ensured availability of all the relevant information on the web-page of PO in Latvian and in English.

At the level of pre-defined projects, there has been great emphasis imposed on taking over experience and best practices, thus ensuring implementation of proven methods in projects activities, which ensure more effective achieving or programme goal. PPs have ensured availability of the relevant information on the web-pages of the PPs, thus promoting and supporting direct participation of project target groups in activities of the projects. Project activities ensured gaining new skills and competences at national, regional and local level institutions, as well as local communities.

Sustainable development has been addressed by implementing projects, which provide introduction of the principles of social, economical and environmental sustainability, including environmental protection as an integral component of development planning. Programme ensures addressing the aspect of sustainability by implementing the projects in accordance with documents for sustainable development such as Latvian Sustainable Development Strategy and the Latvian National Development Plan.

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

n/a

13. Attachments to the Annual Programme Report

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

Risk assessment of the programme.

List of projects – best practise examples

14. Attachment to the Final Programme Report

n/a

Annex1: Risk assessment of the programme

Programme LV07	Type of objective ¹	Description of risk	Likelihood ²	Consequence ³	Mitigation planned/done
	Cohesion (Programme) outcomes:	Political and legislative changes Unforeseen political decisions affecting PO or programme target group institutions structure, unexpected changes in the binding legislation could endanger implementation of the programme	Unlikely	Moderate	PO is monitoring possible legislation changes affecting programme implementation. PO elaborated a Programme Management and Control System, for cases of unexpected changes in internal structure of the PO, which foresees change of responsibilities and competences. The System is being updated annually.
		Non-fulfillment of programme outputs and outcomes Programme outputs and outcomes would not be reached in case PPs would not be able to achieve results set in project agreements	Unlikely	Major	PO and Agency ensure monitoring of the projects and progress of outcomes and outputs as well as PO informs CC on project implementation progress. PO and Agency provide consultations to PPs and assist in solving challenging issues within their competence.
	Bilateral outcome(s):	Low participation of target groups in implementation of measures of the Bilateral Fund Lack of interest and involvement of PPs in implementation of measures of the BF would affect development of bilateral relations and achievement of indicators related to bilateral relations	Likely	Moderate	PO provides consultations to PPs in order to promote submission of applications for implementation of measures under BF. In case of necessity PO assists in organizing the BF events.

¹ 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.

² 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%)

³ 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.

	Operational issues:	<p>Delay of implementation of programme measures and delay of acquisition of the financing</p> <p>Delays and unforeseen problems in the implementation of programme measures and procurement procedures, which result in not acquired financing</p>	Unlikely	Major	PO and Agency ensure monitoring of projects' implementation in order to ensure that project activities are implemented within foreseen deadlines. PO and Agency are carrying out on-the-spot-verifications for projects according to Monitoring plan. PO and Agency provide consultations for PPs and assists in solving challenging issues and problem situations within their competence.
		<p>Personnel changes</p> <p>Frequent changes of personnel involved in programme implementation would impede effective programme implementation and could decrease ability to ensure successive planning of programme activities and acquisition of financing</p>	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.

Annex 2: Monitoring plan 2015 – 2016

Programme's monitoring plan 2015 – 2016:

Activity	2015				2016			
	I Q	II Q	III Q	IV Q	I Q	II Q	III Q	IV Q
1. Submission of the Annual Report to the FMO	x				x			
2. Preparation and submission of the interim financial reports of the PO to the FMO	x	x	x		x	x	x	
3. PO/Agency evaluate and approve received project reports	x	x	x	x	x	x	x	x
4. Monitoring implementation of the projects	x	x	x	x	x	x	x	x
5. PO/Agency carry out on the spot verifications of the projects	x	x			x	x		
6. Synergy seminar for PPs and their partners				x		x		
7. Completion of projects						x	x	x
8. Agency carry out on-the-spot verification to monitor project final report and documentation to verify PP's expenditures following project completion						x		
9. Cooperation Committee meeting			x			x		x
10. Collection and measurement of indicators of the projects		x	x	x	x	x	x	
11. Final conference of the programme								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 2016:

Institution that carries out monitoring visit	Time of monitoring visit in 2016	Project promoter, title of project	Objective of monitoring visit
Agency	March	MoEPRD <i>Development planning capacity project</i>	Monitoring of cost supporting documentation, as well as monitoring of project progress etc.
Agency	April	MoEPRD <i>Regional policy project</i>	Monitoring of cost supporting documentation, as well as monitoring of project progress etc.
Agency	June	Nature Conservation Agency <i>Nature conservation project</i>	Monitoring of cost supporting documentation, as well as monitoring of project progress etc.
MoEPRD	IIQ	Latvian Association of Local and Regional Governments <i>Smart governance project</i>	Monitoring of documents that verify project promoter expenditures, as well as documents that proves implementation of cooperation agreements within project, monitoring of project progress etc.

Annex 3: Projects – best practice examples

Project Promoter	Project title	Project Aim
MoEPRD	Implementation of regional policy actions in Latvia and elaboration of regional development measures	To strengthen capacity of Latvian municipalities and planning regions and support them in dealing with entrepreneurship promotion issues
Latvian Association of Local and Regional Governments	Smart governance and performance improvement of Latvian municipalities	to strengthen institutional capacity and development of human resources on national, regional and local levels