



MINISTRY OF FINANCE
REPUBLIC OF LATVIA

**Republic of Latvia
Ministry of Finance (Focal Point)
EU Funds Monitoring Department**

***Strategic Report on Implementation of the
EEA Financial Mechanism
2009–2014 in Latvia
January – December 2016***



**Riga,
31 March 2017**

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Glossary of Acronyms

AA – Audit Authority
AAR – Annual Audit Report
ADAPT pre-defined project – pre-defined project „Development of Proposal for National Adaption Strategy, including Identification of Scientific Data, Measures for Adapting to Changing Climate, Impact and Cost Evaluation” under Climate Programme
BS – Beneficiary States
CA – the Certifying Authority
CC – Cooperation Committee
CoM – Cabinet of Ministers (Latvian Government)
Climate Programme – Programme LV02 “*National Climate Policy*”
CPCB – Corruption Prevention and Combating Bureau of Latvia
Cultural Heritage Programme – Programme LV04 “*Conservation and Revitalisation of Cultural and Natural Heritage*”
DPP – Donor Programme Partner
EC – European Commission
EEA – European Economic Area
Embassy – Royal Norwegian Embassy in Riga
EU – European Union
FMs – EEA Financial Mechanism and Norwegian Financial Mechanism
FMO – Financial Mechanism Office
FP – National Focal Point
GHG – greenhouse gas
IFR – Interim Financial Report
INVENT pre-defined project – pre-defined project “Development of the National System for Greenhouse Gas Inventory and Evaluation and Reporting on Policies, Measures and Projections” under Climate Programme
MCS - FMs` Management and Control System
MoC – Ministry of Culture
MoEPRD – Ministry of Environmental Protection and Regional Development
MoES - Ministry of Education and Science
MoF – Ministry of Finance
NBF - Fund for Bilateral Relations at the National Level
NGO – nongovernmental organization
OC – open call
PA – Programme Agreement
PBF - Fund for Bilateral Relations at the Programme Level
PMCS – Programme Management and Control System
PO – Programme Operator
PP – project promoter
PMB – Procurement Monitoring Bureau
Programme Regulations – CoM Regulations on respective Programme`s implementation and OCs
R&D – Research and development
Regulation – Regulation on the Implementation of the FM 2009-2014
Research and Scholarships Programme – Programme LV05 “*Research and Scholarships*”
SEDA – State Education Development Agency
SGS – Small Grant Scheme
SIF – Society Integration Foundation
TAF – project LV001 “*Technical Assistance Fund 2011-2017*” (inc. NBF)

1. Executive summary

According to the Article 2.2, Paragraph 1 of the Regulations MoF, acting as FP for the implementation of the FMs in Latvia, has prepared the “*Strategic Report on the implementation of the FM 2009-2014 in Latvia January – December 2016*”. Before submission to the donor states according to the requirement set out in Paragraph 4 of Article 4.4 of the Regulations the Strategic Report was approved in the written procedure in March 2017 by the Monitoring Committee of the FMs. All comments and proposals received from the Committee were taken into account by updating the Report. It will be discussed during the Annual Meeting in April 2017.

The document aims to present the progress of FM’s implementation in Latvia within pertinent socio-economic environment, incl. status of the overall and specific goals’ achievement, bilateral relations, the status of programmes and the results of the risk assessment, as well as the activities planned for 2017.

In 2016 POs and PPs focused on active implementation of projects and bilateral activities, therefore 263 or 94% of all projects for the total FMs’ funding of 24.2 M EUR were completed by the end of 2016. The rest of projects (16) are expected to be completed by 30 April 2017, except one pre-defined project of *Museum of Literature and Music* in which difficulties with contract on reconstructionn works. We would like to highlight the following programmes’ results achieved by the end of 2016:

- **NGO sector:** all 205 projects were completed. In July PO organized programme’s promotional event in cooperation with Embassy within the conversation festival “LAMPA” where PO together with 5 NGOs presented project results and organized workshops thus allowing wider society to be involved and take part in projects’ actions by getting new skills, for example, wicker weaving, getting acquainted with the rehabilitation methods for children who are victims of violence and giving initiatives on how the society could be involved in decision making process at state level. Within this festival information was provided about importance of NGOs activities, as well as exemplified benefits and results of NGO Fund;
- **Culture sector:** restoration works are already finished at 8 cultural heritage sites and all 11 cultural exchange` projects are completed, thus ensuring different cultural activities with broad audience involvement. Qualitative restoration of objects was provided by transferring existing skills, knowledge and experience between Norwegian and Latvian craftsmen and experts, for example between *Norwegian Institute for Cultural Heritage Research* (NIKU) and Zaļenieki Commercial and Craft Secondary School (Latvia). The cooperation networks within cultural sector were established also with Iceland – Reykjavik City Museum and Cultural Heritage Agency of Iceland - enabling the cultural and creative workforce to cooperate internationally.
- **National climate policy sector:** innovative technology on low carbon biomass gasification, 5 low energy buildings, 11 different educational programme’s modules, 13 educational and informative campaigns as well as, 6 researches on climate change were completed, thus taking Latvia closer to less carbon-dependent economy and raising awareness about climate issues. The draft proposal of *National Adaption Strategy* is almost completed. Necessary improvements to national GHG inventory system were done by collecting different climate data and strengthening of inventory experts’ capacity. Shared valuable experience between Latvian and Norwegian state, regional and municipal authorities about development and implementation of climate mitigation and adaptation policies provided valuable contribution in fulfilling the programme’s objectives and outcomes;
- **Research and Scholarships sector:** completed 16 and terminated 2 out of 28 joint scholarship projects and commenced 11 joint research projects in health, social sciences and humanities, thus continuing facilitation of research-based knowledge development in Latvia and essential experience exchange between Latvia’s and donor states’ research and higher education institutions.

Use of NBF and PBFs in 2016: input into all 4 bilateral outcomes determined by the donor states – extent of cooperation, shared results, improved knowledge and mutual understanding, wider effects – were ensured to strengthen fruitful bilateral relations. The following strategic level activities at national and programmes' level have to be highlighted:

- Under the NBF 2 events were supported: the 3rd Nordic Baltic Business Forum in November (Riga) which was a good occasion to mark the 25th anniversary of Nordic-Baltic cooperation and the Latvian-Norwegian Joint Seminar for Internal Auditors of Public Administration “*Performance management and performance audit in the Norwegian government administration*” in December (Riga), thus ensuring overtaking of the best practice from Norwegian counterpart's experience and standards in the field of good governance;
- Conference “*European Economic Area (EEA) and Norwegian Financial Mechanism programme “Research and Scholarships”* in progress and mid term review” was held in October (Riga). The goal of conference was to review progress of research and scholarship projects implemented in close cooperation between Norway and Latvia, and to discuss ideas for further cooperation between scholars and academic staff. Conference brought together around 150 participants from Norway and Latvia which represented institutions administrating the FM and PP – researchers, academic staff and students.
- In September and October 3 experience exchange visits (2 to Norway and 1 to Iceland) were organized in the field of social inclusion (incl. social innovations), democracy and society involvement, integration and sustainable development, thus providing an opportunity for 26 PPs of NGO fund to gain knowledge and best practise from donor states as well as providing an opportunity to establish partnerships for the next FMs period;
- A large-scale seminar “*Restoration Process and Sustainable Use in Historic Sites*” was organized in April (Riga), which was intended as an event for the development of craftsmen workshops for public use with the aim to help Norwegian and Latvian craftsmen, owners and managers of historic buildings in finding the right way of preserving and restoring historic buildings by sharing their knowledge and experience;
- Contribution of donor states' partners was especially visible in pre-defined projects of Climate Programme implemented in cooperation with Norwegian institutions – Norwegian Environment Agency which provided expertise regarding GHG emissions inventory and Directorate for Civil Protection and Emergency Planning – regarding adaptation to climate change.

2. Assessment of the effect of the Grants

2.1 Cohesion and relevant policy developments

EU Cohesion policy and other foreign financial assistance are most important investment policies which make a relevant impact for Latvia. The macroeconomic disparities between the donor states, other more developed EU countries and Latvia clearly justifies the need for cohesion support.

Despite the steady economic growth in recent years, Latvia still is the fourth poorest EU country following Bulgaria, Romania and Croatia. Financial mechanism's funding in complementarity with the EU Funds of 2007-2013 and 2014-2020 periods, as well as FM in the targeted areas within framework of the EU 2020 strategy would continue providing a useful contribution to stabilize economic situation in the EEA and will make an important role for further economic growth in Latvia.

Considering the size of FM to Latvia as well as the areas of support an impact to the Latvian economy would be difficult to measure, nevertheless the contribution of FMs is of great value both in financial (investment) terms in targeted priority areas as well as providing intangible value-added as mutual knowledge spill-overs and wide benefits stemming from strengthened bilateral relations in various sectors. FMO's procured *Review: The EEA and Norway Grants produce long-term impacts* also highlights that "our programmes are focused and customised to the needs of the BS, the priorities of the donors and aligned with national policy and wider European goals. The programmes both supplement and complement areas that are not covered by the EU Funds. In that sense our Grants are also filling a funding gap. This includes in particular, investments in the fields of justice and home affairs, support for civil society organisations and culture".

The programmes are important for development of a cohesive society in Latvia and promoting reduction of economic disparities. Economic background of EU, Latvia and cooperation with donor states are described in Annex 6.9. Many programmes will produce long-term impacts, especially in respective programme area, for example, Cultural Heritage Programme and Climate Programme. The potential for impact is seen as the greatest in programmes with specific focus, rather than attempting to address the full list of issues within a programme area. However, investments in environmental protection and culture heritage, also have the potential to deliver long-term socio-economic benefits. Each programme contributed to achievement of the FM's overall objective – reduction of social and economic disparities within the EEA – in its own focused and complementary way.

Climate Programme

The year of 2016 could be described not only as the warmest year in a record that dates back to 1880 according to the National Aeronautics and Space Administration (NASA) figures but also the year introducing the first ratifications of the *Paris Agreement* adopted on 12 December 2015 which will replace *Kyoto Protocol* in 2021. One of the *Paris Agreement*'s main goals is to limit global warming to well below 2°C by reduction of GHG emissions by 40% in 2030 compared with the 1990 level. In addition to the reduction of GHG, the *Paris Agreement* contains provisions on improvement of climate adaptation, management of damage and losses arising through climate change, and provision of financial support for developing countries implementing the agreement.

The *Paris Agreement* was ratified already by EU on 5 October 2016. In parallel the EU Member States have to ratify it individually, and in Latvia it was done by the Parliament on 2 February 2017. Norway, Iceland and Liechtenstein also joined to the *Paris Agreement*, thus aligning itself with the EU's effort regarding 40% reduction of GHG emissions by 2030.

On 20 July 2016 EC has already started the negotiations on legislative proposal – the "Effort Sharing Regulation" – setting out a binding annual GHG emission targets in EU and specifically for each EU Member State for the period 2021-2030.

The implementation of OC and SGS projects had already provided the instruments for the fulfilment of GHG emission reduction's target in the form of:

- investments in high energy saving buildings and low carbon technologies linked also to the programme's outcome "*A less carbon-dependent economy*" expecting to reach annual decrease of GHG emissions by 1 260 tonnes CO₂ per year;
- unique opportunity to work together with Norwegian partners and learn from their experience within 18 out of 25 projects;
- strengthening society's ability to deal with the impacts of climate change by raising its awareness;
- researches and education measures on climate change issues.

Besides the EEA FM, in Latvia climate change measures are being recognized and implemented wide range of EU and nationally supported programmes and initiatives that are complementary to Climate programme's promoted ones - less carbon-dependent economy and adaption to climate change, for example:

- *EU funds* in the period 2014 – 2020 are a key contributor to achievement of political target of 20 % of EU spending for climate action objectives stated in *Europe 2020 Strategy for smart, sustainable and inclusive growth*, for example by supporting energy efficiency measures in public and residential buildings (grants and repayable financial engineering instruments like loans or guarantees) and transition to low carbon economy (renewables, low carbon means of transportation, railway lines electrification);
- *LIFE Climate Change Adaptation* - supports best practice, pilot and demonstration projects that contribute to the development and implementation of EU policy on climate change adaptation;
- *Emission Allowances Auctioning Instrument* – national programme with the aim to combat global climate change, adaptation to climate change and reduce emissions of greenhouse gas;
- *State Research Program* for period 2014 – 2017 – supported 2 programs which are aimed to support energy efficiency activities and assessment of Latvian eco system in relation to climate change.
- *Climate Change Financial Instrument* – national programme – supports measures to prevent global climate change, adaptation to the effects of climate change and contribute the reduction of GHG (for example, implementing activities to improve the energy performance of buildings in both public and private sectors, the development and implementation of technologies that use renewable energy resources, as well as the implementation of the integrated solutions to reduce greenhouse gas emissions).

The INVENT pre-defined project targeted at the improvement of national system for GHG inventory by 85% and quality and sufficient amount of information on GHG projections by 70%, thus it will have substantial influence on:

- more accurate reporting on GHG inventory and continuously improvement of national inventory system required by EU Regulation (No. 525/2013) *on Mechanism for monitoring and reporting GHG emissions* in order to fulfil the requirements of the *United Nations Framework Convention on Climate Change* (UNFCCC) and *Kioto Protocol* 2nd commitment period 2013-2020;
- tracking towards effectiveness of GHG emission reduction measures and fulfilment of future GHG emission reduction targets;
- quality of prepared GHG projections what will allow timely choose the additional GHG emission reduction measures if the progress is insufficient.

All EU countries are at different stages of preparing, developing and implementing National Adaptation Strategies. With regard to countries with a Baltic Sea coastline, some countries (Denmark, Finland, and Germany) are currently implementing national strategies, whereas Estonia has just developed such strategy. Lithuania approved a *National Climate Change Management Policy Strategy (mitigation and adaptation)* in November 2012, and action plan was approved in 2013. Thanks to the ADAPT pre-defined project Latvia has almost finished the draft of National

Adaptation Strategy, thus contributing to the achievement of programme's outcome "*Developed strategies and measures for adapting to a changing climate*" and also requirements set in:

- *EU Adaptation Strategy* which encourages EU Member States to adopt comprehensive adaptation strategies, in order to achieve coordination and coherence at various levels of planning and management;
- *Paris Agreement* regarding each country's engagement in adaptation planning processes and the implementation of actions, including the development or enhancement of relevant plans, policies and/or contributions.

Cultural Heritage Programme

In 2016 preparation for *the Latvia's Centenary celebration* (in 2018) is one of the most important factors in the field of culture. More than 300 activities in 70 countries pointed out in the celebration plan will contribute greatly to fostering cultural activities, Latvia's competitiveness, promote Latvian culture and international cooperation, and promote the participation of the public in cultural events as well as will develop cultural environment. Cultural Heritage programme has helped to make this event more wholesome as *Museums of Rainis and Aspazija*, the *Green Synagogue of Rezekne* as well as *Great Synagogue of Ludza* and other cultural heritage objects in regions were opened, thus expanding the offer of cultural activities during the celebration and hereafter.

Thereby the opening of restored cultural heritage objects also significantly contributed to the achievement of the programme's objective – conservation of cultural heritage promoted. 8 924 cultural heritage objects are under the protection of the state, from which 3 485 (39%) are architectural monuments. The data indicate that architectural monuments are of high importance and the improvement of the situation of architectural monuments is highly relevant. The State Inspection for Heritage Protection administrates *State cultural monument research, rescue and restoration programme 2017*, which is aimed to support immediate rescue of cultural monuments. This programme ensures sustainability of these objects and their restoration according to the principles of restoration of such heritage. Besides that, Riga City Council has issued the regulation "*The Municipal allocation of Funds to restore the Cultural Monuments in Riga*", which provides 600 000 EUR funding for restoration, that indicates the importance of finding some permanent financial resources yearly.

Compared to 2015 the number of visitors in museums (supervised by MoC) has increased by 2.1 M visits, reaching 3.5 M visits in 2016, which indicating the growing public interest in visiting of the museums' expositions. Thus may be substantiate with the opening of museums restored within the programme, for example, the Museums of Rainis and Aspazija gained a lot of popularity and also wide publicity in the media. Furthermore, the number of foreign visitors has increased by 31 000, showing that Latvian culture gains wide recognition abroad.

The Research "*Cultural Audience in Latvia: the Situation, Processes, Trends*" was carried out by the Society "Culturelab". It shows that in the last years the attendance of the museums has increased by 11% and also the number of persons, who have attended at least one concert per year, has raised by 5%, reaching 42%. These data also contributes with the achievement of the programme's objective – increasing the diversity of cultural services available for society as 57 cultural events were organized within the SGS "Cultural Exchange". The cultural diversity in Latvian` regions also creates positive impact on the country's economic and social situation. Cultural events and activities in a region cause direct demand for the retail sector, catering companies, hotel service, transport and transport related services, thereby creating additional positive influence on the regional economic activity.

NGO Fund

The financial landscape for NGOs in Latvia is very limited, especially for high level and professional participation. The EEA FM has been of utmost importance for Latvia's civil society

and its organizations. It has enabled the civil societies' organizations to give a substantial contribution to improvement of legislation fitting best to needs of the most vulnerable people of Latvia and minorities. Within the conference on *NGO and Government Cooperation* in February 2017 the Prime Minister of Latvia stated, that the quality of decision making improves thanks to the civil society organizations as a competent partner. In 2012-2016 EEA FM programme was the largest source of funding for NGOs in Latvia. Also it has been a resource, which can offer alternative services for socially vulnerable group, thus reducing the socio-economical differences within society.

The majority of the programme's funding was allocated to social justice support, which led to create 303 different social services, incl. 90 innovative services, that were used by 45 552 persons of different target groups. The most of PPs continue to provide the social services to the target group through its own funding, attracting donations or using local government's funding, thus ensuring the sustainability of the projects' results which are related to NGO Fund's objectives.

Since the crisis years there was a low level of public trust to the Parliament (13%) and the Government (17%)¹, therefore the public demands for transparency in decision-making increased which was ensured by NGOs. Within implementation of NGO Fund the level of trust has increased as evidenced by the data of Eurobarometer² in 2016 (21% of citizens trust the Parliament and 32% - the Government). For example 18 NGOs have taken part in 81 different consultations at local level and 36 NGOs – in 221 consultations at regional and national level within NGO Fund's NGO Activity Support Measure.

In previous report it was informed about the National NGO Fund's development and in December 2015 CoM approved 400 000 EUR allocation (for 2016). In June, 2016 SIF approved 66 projects (out of 261 project application) on measures like the capacity strengthening of NGOs, the support for activities of civic society and the advocacy of NGOs. The National NGO Fund's programme was approved for at least one more year, and the OC was announced in November with the total budget 380 000 EUR. There were received 149 project applications. As the base of the National Fund's proposal was used the NGOs sector's report developed under NGO Fund's pre-defined project. It seems that the National NGO Fund's programme could be continued in the coming years.

The EEA FM's NGO Fund has also provided an opportunity to strengthen and activate the bilateral relationships between the donor states and BS by taking over the best practices and experience, transferring the knowledge, creating sustainable networks and developing common innovative ideas. Together with the donor states 44 partnership projects were implemented, 33 new partnerships are established with organizations in donor states and 12 partnerships – with organizations in BS.

Research and Scholarships Programme

An intensive implementation of *Guidelines for the Development of Science, Technology and Innovation 2014-2020* aiming at the creation of stable research and developed human capital by 2020 and concentration of research among 20 strong research institutions by 2030 was ensured by MoES. The achievement of these aims is considered as a high importance, as competitiveness of national research institutions internationally, including for participation in the European research programmes would increase, so they could undertake research in areas crucial for Latvian economy and society.

¹ Standard Eurobarometer 78, Public Opinion in the EU, tables of results, autumn 2012, P.40-41// <http://ec.europa.eu/COMMFrontOffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/STANDARD/yearFrom/1974/yearTo/2016/surveyKy/1069>

² Standard Eurobarometer 86, National report of Latvia, autumn 2016, P.5// <http://ec.europa.eu/COMMFrontOffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/STANDARD/yearFrom/1974/yearTo/2016/surveyKy/2137>

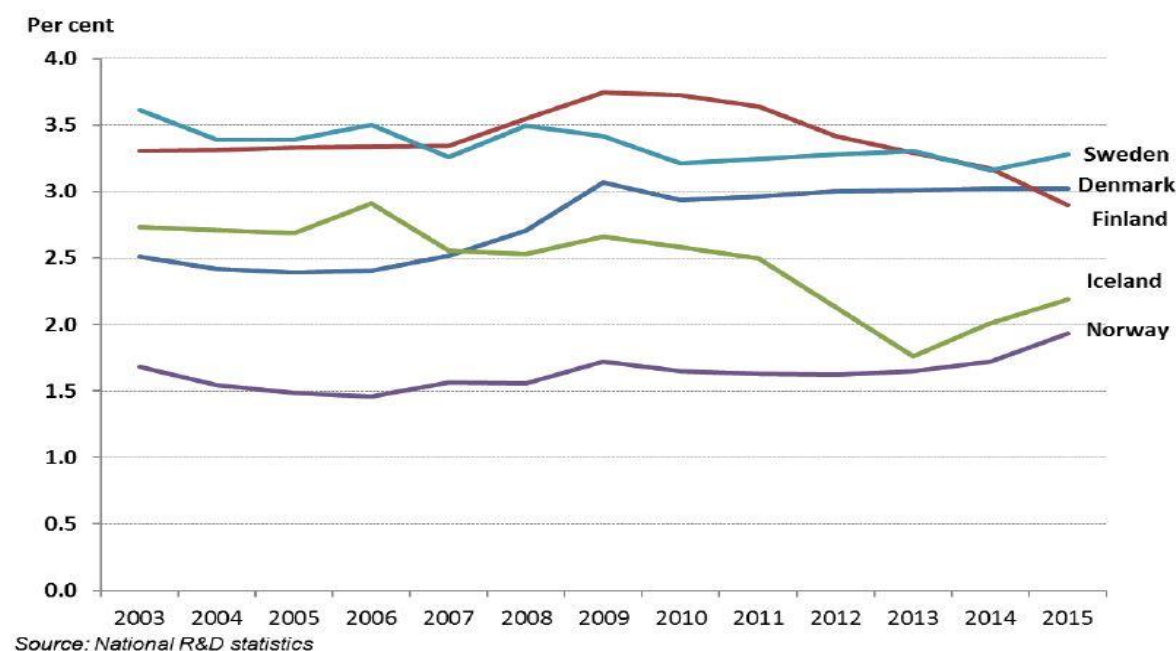
MoES has supported structural changes of the research institutions by allocating 11 M EUR from EU funds. In 2016, from 78 public and private scientific institutions registered in Latvian Register of Scientific Institutions 21 institution had received public funding. During 2014-2016 number of public funded scientific institutions was considerably reduced from 40 – in 2014 to 21 – in 2016. Additionally, merging of scientific institutions will be facilitated by the national regulations on allocation of base funding to the science stipulating that, starting from 2016, scientific institutions with low evaluation score would not receive the base funding from the state budget. Thus, scientific institutions with low evaluation score will be given the opportunity to be integrated in stronger scientific institutions facilitating both concentration of resources and establishment of critical mass (human capital and technology). The next assessment of Latvian scientific institutions will be performed in 2017.

EU funds' programming period 2014-2020 aim is to maximize their contribution to *the Europe 2020 Strategy* which defines three socio-economic goals for the EU to be followed during 2014-2020:



Expenditures on research and development in Europe is below 2% from Gross domestic product and the aim of *the Europe 2020 Strategy* is to increase investments in research and development to 3% of from Gross domestic product by 2020. Similarly to the EU, Norway has invested in research and development slightly below 2% - 1.9% of Gross domestic product (in 2015). Thus, Norway and EU has common challenge in the achievement of higher research and development intensity. Whereas, Latvia had set ambitious target for increase of investments in research and development from 0.62% (in 2015) to 1.5% of Gross domestic product by 2020.

Chart 1 Research and developments' share of GDP in the Nordic countries 2003-2015 (%)



In order to implement the aims of the *Europe 2020 Strategy*, in Latvia under Action Programme “*Growth and Employment*” of EU funds it is planned to increase the research and innovative capacity of Latvian:

- *scientific institutions, and their capacity to attract external funding via investments in human resources and infrastructure* a support worth 120 M EUR for modernization of research infrastructure and strengthening of institutional and research capacity of 14 scientific institutions will be provided, thus increasing their competitiveness;
- *research institutions, and their capacity to attract external funding via investments in human resources and infrastructure* a support worth 64 M EUR for development of over 450 young scientists' skills will be provided, thus increasing their opportunities to commence career and to attract private investments.

While Latvia has made progress in reforming the higher education system, improvements have to be made also to vocational education (VET), training and mobility, particularly with respect to reforming curricula and setting up a regulatory framework for work-based learning in order to improve their quality and availability. *Erasmus+* programme provides various types of mobility in education and training from and to Latvia, for example, for school teaching personnel, higher education institution students, recent graduates and academic staff. Only *Erasmus+* in Latvia supports VET students and staff mobility (duration from 2 weeks to 12 month), as well mobility to higher education institutions (HEI) in EU Member States or the third countries. According to *ERASMUS+* data 1 384 HEI students and 1 036 academic staff used offer of mobilities support to 33 countries. There were approved 18 practise and learning mobilities for HEI students' to Norway (fields: art, agriculture, sports, law, medicine, history, business management and intercultural relations) and 3 - to Iceland (fields: tourism, intercultural relations).

There is no doubt that EU funds, *Erasmus+* programme and the FMs all have major impact on education and research sector in Latvia. The FMs specifics and value-added is in focus on the development of partnerships between Latvia and donor states. Thus the results of projects are useful for other countries and partnerships open up opportunities for further cooperation within the EU Framework Programme for Research and Innovation “*Horizon 2020*”. The synergy between research and scholarships projects has already facilitated further cooperation between Latvian and donor states' higher education and research institutions, for example, Riga Teacher Training and Educational Management Academy established a closer cooperation with Norwegian Arctic

University and University of Oslo established in scholarship project “*Research-based Teaching of Language Acquisition*” implemented in synergy with research project “*Latvian language in Monolingual and Bilingual Acquisition: tools, theories and applications*”. It was decided to continue the joint cooperation in researches focusing on education and innovations in language acquisition as well as to look for opportunities to jointly participate in Horizon 2020 funding competitions. From PO's side, PPs were also encouraged to continue bilateral cooperation using PBF.

2.2 Bilateral relations

NBF

By the end of reporting period **98.7% of NBF's financing has been effectively used for the aims envisaged** as can be seen in the table below:

Table 1 NBF's budget breakdown by priority measures

Measure	Expenditure used	% of total
Support to programme preparation (2011-2013)	116`854	32.0%
International seminar in Justice and Home affairs (fall 2013)	13`428	3.7%
8 activities within “ <i>Riga – the European Capital of Culture in 2014</i> ”	108`646	29.8%
Activities within “ <i>Latvian presidency of the Council of the EU 2015</i> ”: 1.Conference “Smart Specialization Strategy: New Approaches for Partnerships among Education, Research and Industry in Regions” (12-13 February) 2.Conference “ <i>Deinstitutionalization practices and further development of European social care policy</i> ” (15 June) 3.Public campaign „ <i>My Baltic Sea 2015</i> ” and “Multi – media Performance” (26 May – 28 June)	112`584	30.9%
Participation in conference “ <i>Developing trends in combating corruption, money laundering and recovering criminal assets in Europe</i> ” (October 2015)	1`486	0.4%
Supported Norwegian lecturer's participation in the <i>Nordic Baltic Business Forum</i> (2 November 2016) ³	1`500	0.4%
Latvian - Norwegian Joint Seminar for Internal Auditors of Public Administration “ <i>Performance management and performance audit in the Norwegian government administration</i> ” ⁴ (19-20 December 2016)	5`339	1.5%
Leftover	4`913	1.3%
Total:	364`750	100%

Two events were performed in 2016:

1) Proposal from Embassy to co-finance the Nordic Baltic Business Forum (Forum)

On 2nd November the 3rd Forum took place in Riga bringing together important Nordic and Baltic entrepreneurs, economists and representatives of the public and private sectors. The Forum served as a platform to share best practice, facilitate future cooperation and increase the competitiveness of businesses in the region. The participants shared experiences on such topics as future consumers and market trends, innovation strategies, sustainable business development and change management. The Forum was possibility to highlight Latvian business relations to the Nordic countries, future development prospects as well as best practices in Nordic-Baltic cooperation. As well as Forum was a good occasion to mark the 25th anniversary of Nordic-Baltic cooperation what was celebrated widely in 2016.

From NBF was supported participation of Norwegian lecturer's PhD Anne Grethe Solberg which performed lecture – “*Build your career and develop as leader: Innovative leadership and self-*

³ The forum website: <https://www.facebook.com/NordicBalticBusinessForum/> and information about forum in the Norwegian Chamber of Commerce in Latvia website: <https://www.nccl.lv/en/events/nordic-baltic-business-forum-2016>

⁴ Information about seminar in the Ministry of Finance of the Republic of Latvia website: <http://www.fm.gov.lv/en/news/53915-public-administration-auditors-to-uptake-the-best-practice-from-norway> and <http://www.fm.gov.lv/lv/galerija/fotogalerija/268-valsts-parvaldes-auditori-apgust-norvegijas-labako-praksi/>

empowerment”. PhD Solberg is one of the most recognized Norwegian lecturer and consultant of leadership, named “Consultant of the Year” 2012 and author of several books.



Norwegian lecturer's PhD Anne Grethe Solberg presentation in the Nordic Baltic Business Forum

Anne Grethe Solberg's presentation inspired a lot of the Forum's participants, what is shown in the feedback from the survey: 26% of responders gave a very positive feedback on her lecture, there are some examples – *Inspiring, touching, the best speaker of an entire event; Special thanks for inviting Anna Grethe Solberg to this event; Most inspiring presentation, several personal lessons learned after the presentation; Brilliant, great leadership inputs, great life story, entertaining speaker - easy to remember afterwards, unlike a few of the others; Anne Grethe Solberg No 1; Extremely brilliant, interesting topic!; Anne Grethe was brilliant, brilliant, brilliant!*



FP ensured several visible publicity measures (infographics on FM's programmes, FM's logos on screen, balloons) in the Forum.

- 2) Proposal from the Internal Audit Department of the MoF to organize **Latvian - Norwegian joint seminar** “Performance Management and Performance Audit in the Norwegian Government Administration” (Audit seminar)

Two day (19th-20th December) Audit seminar took place in Riga aimed at competence building measures in close cooperation with Norwegian partners in field of good governance by overtaking best practice from Norwegian counterpart's experience and standards. This activity complies with FM's principles like good governance, transparency, accountability and zero-towards corruption set in Article 1.6 of the Regulation. The seminar was attended by respective donor state institutions – Ministry of Finance of Norway, Norwegian Government Agency for Financial Management and Research Council of Norway.



Participants of Latvian - Norwegian Joint Seminar for Internal Auditors of Public Administration

During seminar the discussions were held on following topics – practical experience of Norway in coordinating the reforms within the scope of effective governance and financial management; combining budget planning and fulfilment processes; application of financial management methodology; measuring of operation; organisation of internal audit work; financial and effectiveness audits and feasibility assessments. Thus gained Norwegian experience and best practice exchange contributed to improvement of internal audits performance's quality and raising of internal auditors' qualification in the Latvian public administration. Audit seminar fostered improved knowledge and mutual understanding between Latvian and Norwegian responsible institutions in internal audits methods and techniques in financial management audits. This activity served as a pilot project for the establishment of close and long term cooperation between the Latvian MoF and Norwegian partners (MoF of Norway and Norwegian Government Agency for Financial Management).

However, there are some unallocated financing from the occurred savings (4 913 EUR or 1.3 % of total funding) still available within NBF. In order to achieve more results of the Latvian and Norwegian bilateral cooperation, FP submitted (by letter dated 3rd March 2017) for the donor states approval two additional bilateral activities for implementation in 2017, which are agreed with Embassy and already acceptance from FMO has received:

- 1) **“Inter-Municipal cooperation between Trondheim and Daugavpils: Munch meets Rothko in Daugavpils” (2 413 EUR)**, initiated by Embassy.

It is planned to cover travel and accommodation costs of the Norwegian experts of the Trondheim Art Museum and costs of Informative brochure on Munch's artwork (the Implementer – the Latvian Association of Local and Regional Governments in cooperation with Daugavpils Mark Rothko Art Centre);

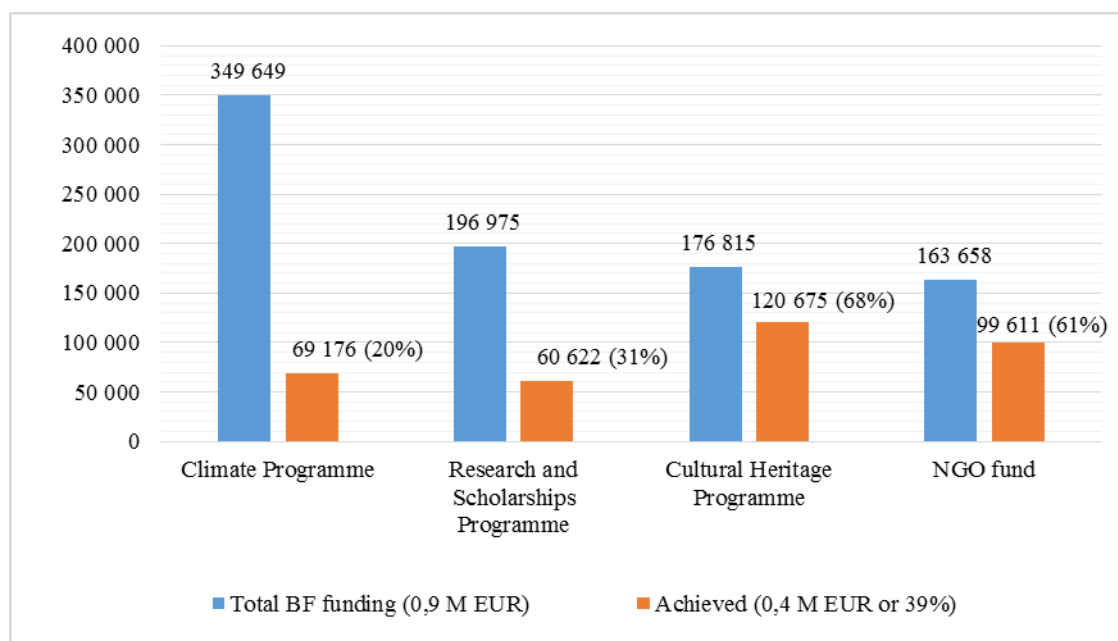
- 2) **Discussion “Making the case for quality journalism in the post-truth world” at the Conversation Festival LAMPA (2 500 EUR)**, initiated by the Ministry of the Foreign Affairs of Republic of Latvia. Planned discussion would be organised in cooperation with the Norwegian Institute for Journalism and feature panellists (leading minds in journalism) from Norway and the Baltic States. It is planned to cover participants' travel and accommodation costs and moderator's fee.

PBF

A lot of bilateral activities were performed during the reporting period. In most of the programmes leftovers from the completed or terminated projects were reallocated to PBF (agreed with DPPs and respective amendments made in PAs) in order to facilitate achievement of the programmes' bilateral indicators and to strengthen bilateral relations between Latvia and donor states, which was the one of reasons of lower absorption rate than expected –39% which fluctuated from 20% in Climate Programme till 68% in Cultural Heritage Programme.

Please see in chart below the absorption rate of each PBF till 2016.

Chart 2 The absorption rate of each PBF



It should be admitted that in 2016 most of PPs concentrated on actual project implementation activities to complete projects in due time, also POs main activities were related with project monitoring activities, including on-spot checks, verification of project reports and performance of payments, thus there were no such interest from PPs side to involve in bilateral activities; as well as POs struggled with capacity issues to obtain project monitoring activities with planning and organising of PBF's activities.

In some programmes, for example Research and Scholarships Programme, main challenge for POs was a lack of interest from PPs side in PBF's measures as projects are already bilateral and donor states' partners are involved in core project activities (joint research, mobility to donor states' universities). Nevertheless, PO had promoted possibilities of PBF to PPs via every-day communication channels, seminars and meetings, including approval of more simplified requirements for application to PBF funding, PPs interest didn't rose dramatically, for example in Research and Scholarships Programme, Climate Programme.

As well as one of the reasons of low PBFs' absorption is lack of donor states' partners as all 15 BS are looking for donor states simultaneously to involve them in bilateral activities, this situation will be actual in 2017 as most of bilateral activities are planned in 2017. Thus in 2017 will be continued close cooperation in planning and implementation of bilateral activities at programmes' level between PPs, POs, DPPs, FP and Embassy which will communicate regularly in order to discuss the gained experience in PBF, to advise in searching for possible bilateral networking, skill sharing and knowledge exchange, to plan involvement of entities from Latvia and donor states, ect., thus fostering effective usage of PBFs.

Regardless of efforts of all involved parties in fostering bilateral activities, there is a high probability that rest 61% of PBF financing will not be totally used till the end of 2017. Summary on donor partnership projects in Latvia can be found in Annex 6.3 of this Report. Whereas, summary information about the measures implemented and progress achieved at programme level in reporting period divided into 4 types of strengthening bilateral relations results please find in the table below:

Table 2 Strengthening bilateral relations results achieved in 2016

1. Extent of cooperation
Climate Programme – 20 out of 27 projects have donor states' partners. The partnership provided the possibility to learn from each other and to improve mutual understanding. Mostly projects experience of

donor states partners were used to learn about best practice examples, gain new ideas, and improve projects results e.g. improve energy efficiency of constructed buildings, improve research and study modules. Norwegian experts had possibility to expand their knowledge and gain knowledge about situation in Latvia in different fields related to climate change, e.g. bioeconomy potential, energy efficiency and trainings for children.

A cross-programme cooperation within Development planning pre-defined project of Capacity-Building Programme was carried out as DPP of Climate programme – Norwegian Environment Agency – took part in experience exchange event (17-19 October) with presentation regarding management system of public waters in Norway. During experience exchange event the representatives from 6 Latvian municipalities, Vidzeme planning region and MoEPRD also visited Norwegian Water Resources and Energy Directorate, Norwegian Association of Local and Regional Authorities (KS), Spydeberg and Askim municipalities where they got information about Norwegian projects in the area of public water management and protection of environment, licensing rules on water usage for electricity production and flood prevention through risk reduction measures. The gained knowledge will help the municipalities in future development of their public water management system and plans.



PBF event at the Norwegian Environment Agency

Cultural Heritage Programme – Sigulda School of Arts “Baltais Flīgelis” visited their donor project partner *Nesttun String Orchestra* in Bergen, Norway in June to participate in a joint concert within *Hanseatic Days* in Bergen. The participants performed the joint concert program for strings and voices, including Norwegian and Latvian modern folk music elements created within the project “*Latvia-Norway. Discover Folk Tradition in Music*”. The aim of the bilateral activity was not only to continue and improve the inter-cultural ties between the youth of Latvia and Norway, but also to increase the understanding and tolerance for the values of both nations. Such activities have brought together young talented musicians and given them opportunity to have an international experience.



Sigulda School of Arts “Baltais Flīgelis” and Norwegian Nestunna String Orchestra joint concert in Bergen

Also a good example of broadening cooperation networks can be considered *Kuldiga District Council*’s visit to *Reykjavik City Museum* and the *Cultural Heritage Agency of Iceland* in May. The goal of the visit was to get acquainted with the experience of the involved Icelandic entities with the conservation and restoration of cultural heritage objects, with the experience of the involvement and education of the local society, as well as to share the experience of Kuldiga on the same matters. In addition, at the meeting Kuldiga emphasized several topics on which all entities involved could collaborate in the future.

2. Shared results

Climate Programme – Norwegian Institute for Agricultural and Environmental Research “Bioforsk” as NGO’s “Latvian 4H Club” project partner visited Latvia twice. As a result of visits, a popular science

publication about climate variability “*What does climate change mean to me?*” was developed. During the first visit were discussed the nature observation methodology in Norway and potential experience exchange measures with Latvian experts. During the second visit Norwegian partner participated in educational seminar for teachers and organized field research on climate change with participation of more than 70 natural sciences teachers from Latvia. “Demarsch” Ltd. established partnership with Ostfold University College, Faculty of Engineering, with an aim to provide best practice examples of environmental policy implementation in organizations and SMEs. Partner presented Norwegian experience in motivating enterprises to think environmentally friendly and promote energy efficiency’s activities as well as provided consultations and advice on training module content development and participated in publicity events providing Norwegian best practice examples.

NGO Fund – many examples of sharing results can be found within the projects, for example, the project partner from Iceland shared knowledge about sexual abuse prevention to the Foundation “Latvia Children's Fund”, while project partner from Norway participated in development and implementation of teaching materials for intercultural education in 15 schools in Latvia.

Cultural Heritage programme – a conference “*Restart Museum*” was organized in Riga with participation of 158 representatives, focusing on synergies of museums and creative industries in May. The event offered a platform for the exchange of experience and transfer of knowledge in order to encourage thinking. Representatives of Latvian and foreign museums and representatives of creative industries shared their experience about innovations and challenges they have faced in the process of restarting a museum, for museums act as a catalyst for creativity and growth. In order to cultivate creativity and growth, every museum should be re-started from time to time. Such experts as *Hanna Mellemsether* (research coordinator at Museums of South Trøndelag, Norway), *Guðbrandur Benediktsson* (director of Reykjavik City Museum, Iceland), *Leif Plith Lauritsen* (researcher and official at Lolland-Falster museum, Denmark), *David Fleming* (director of Liverpool National Museum and President of Museum Association in United Kingdom), *Urmas Dresen* (director of Estonian Maritim Museum, Estonia) participated in the conference, thus sharing their experience on intercultural level.

Research and Scholarships Programme – representatives from Latvia participated in discussion seminar “Cooperation between forerunner and follower countries in CCS (Carbon Capture and Storage) Research: The Example of Norway and the Czech Republic” in Czech Republic (on 14 November). The aim of the seminar was to share and discuss experience from Czech-Norwegian and international cooperation in CCS research, involving countries with different levels of research and development, national support and perception of urgency.

Closure event of the Polish Scholarships Programme in Warsaw (on 25 November) was a great opportunity to learn more about different education projects and online courses created in Poland and how to integrate research in education’s programmes. Polish PO also shared experience on usage of the PBF during the event.

On a project level, shared results are reflected in joint publications within Research activity, or bilateral cooperation by exchange of academic staff or students within Scholarship activity.

Research project “*Cancer derived extracellular vesicles: function and clinical applications in prostate cancer*” recently delivered joint publication “*Diagnostic, prognostic and predictive value of cell-free miRNAs in prostate cancer: a systematic review*” in which the following conclusion was made: prostate cancer, the second most frequently diagnosed cancer in males worldwide, is estimated to be diagnosed in 1.1 M men per year. Introduction of prostate-specific antigen (PSA) testing substantially improved early detection of prostate cancer, however it also led to overdiagnosis and subsequent overtreatment of patients with an indolent disease.

3. Improved knowledge and mutual understanding

NGO Fund – PO has organized 3 experience exchange visits, which were organized with aim to promote bilateral cooperation, provide an opportunity to NGOs of Latvia to overtake the best practices of NGOs and other stakeholders of the donor states, provide transfer of knowledge and create sustainable cooperation networks and develop innovative ideas. As the greatest benefits of the visits were the gained knowledge about NGOs work and cooperation with governmental institutions in Norway and Iceland, contacts and new ideas for the common work in future, the ideas for the work with society and capacity strengthening. A lot were learnt in the field of capacity strengthening by attracting volunteers, donations and partners. As the cooperation between the Latvian partners and donor states partners is usually a long-term process, where the planning and previous communication plays an important role for the future work together, these visits could be seen as foundation for the common ideas.

Cultural Heritage programme – seminar and workshop “*Restoration Process and Sustainable Use in Historic Sites*” organized by the State Inspection for Cultural Heritage in cooperation with the *Norwegian Directorate for Cultural Heritage* took place in April. The seminar was intended as an event for the development of crafts workshop for public use with the aim to help craftsmen, owners and managers of historic buildings in finding the right way of preserving and restoring historic buildings. In total, 107 participants attended the seminar, the majority of them were representatives of municipalities, owners of

cultural heritage objects, restorers and craftsmen, representatives of construction companies, prior EEA FM supported projects' implementers and their Norwegian partners. The interest of the targeted listeners exceeded the available resources, therefore the seminar offered live streaming.⁵ On the first day the Norwegian and Latvian experts shared their experience and knowledge of cooperation projects, project management as well as significance of management plans and their application in maintenance and renovation of historic buildings. The second day was devoted to practical classes, like on-spot renovation of hammered works and wooden elements.

Also summer school was implemented within the framework of the project “*Restoration of Eleja Manor Premises*”, where during five days 15 students of Zaļenieki Commercial and Craft Secondary School, who are acquiring a restorer assistant trade, had practical training and they participated in reconstruction works of Eleja Tea House. Students acquired training with several specialists, including specialists of the *Norwegian Institute for Cultural Heritage Research (NIKU)*. The summer school is an excellent example of how it is possible to transfer existing skills and knowledge to another environment in respect of other objects, and how such a transfer of knowledge ensures the qualitative restoration of objects.



Eivind Falk from Norwegian Crafts Institute tries the Latvian craftworks at the Openair Museum during the seminar in April

Climate Programme – On 16-17 February seminar was organized in Norway by the MoERPRD as ADAPT pre-defined PP in cooperation with Norwegian Directorate for Civil Protection (DSB). In seminar participated 5 representatives from Latvia (MoERPRD and Latvian Environment, Geology and Meteorology Centre) and 9 participants from Norway (DSB, Norwegian Environment Agency, Oslo municipality, Norwegian Water Resources and Energy Directorate and Norwegian insurance companies). During the event Norwegian experts shared their experience and knowledge on adaptation policies and measures system in specific and most important areas such as construction, transport, infrastructure and water resource management (related to the floods and precipitation). Examples of risks and vulnerabilities in the scientific and practical aspects of the national and local levels were presented and linked to research, information and solutions. Seminar led to fruitful discussions and established contacts for future cooperation.

One of the activities of INVENT pre-defined project envisaged the development of a climate policy evaluation model, evaluation of expenses for implementation of different climate change policy events and ex-ante (predictable) and ex-post (current) policy evaluation. In this regard, a special seminar on modelling systems has been organized, where the Norwegian experts presented technical solutions and possibilities of the model used by Norway. The Norwegian example and the discussions dedicated to this topic helped to develop an idea of the most suitable model for Latvia's situation.

Capacity of Latvian GHG inventory experts was improved in the INVENT pre-defined project, which contributed in a successful implementation of GHG inventory system requirements of EU and the United Nations. The knowledge and experience sharing events have contributed to discovering new viewpoints and possibilities to approaching GHG inventory system related issues, and these events have ensured an enduring collaboration between Latvian and Norwegian experts.

Institute of Energy Systems and Environment of Riga Technical University (RTU) implemented 2 SGS projects with University of Bergen which provided knowledge and experience exchange on system dynamic model. Donor state partner also took part in project conferences in Latvia as guest speakers and assisted in the integration of project results in study modules and teaching methods of RTU, as well as in the preparation of methodological and training materials.

⁵ Now available on YouTube channel of the State Inspection for Cultural Heritage (in ENG)//
<https://www.youtube.com/watch?v=aHDiIYT7DY&list=PLN7mNM9PCGz00trSxPltPBp96t9trj3Sr&index=1>

Jelgava City Council invited project partner – Norway Inland Energy Agency (INEA) – to visit Jelgava Boarding-school's construction site and to prepare recommendations about use of technologies of renewable energy resources in low energy buildings. The Norwegian experts had also opportunity to get new experience on construction and energy efficiency improvement process in Latvia – its weaknesses and strengths. As a result, the experts of INEA developed the package of recommendations for achieving higher energy efficiency's indicators, maintenance of necessary indoor climate conditions and further exploitation and monitoring of building.

On 21-23 September Aloja municipality organized an experience exchange visit to project partner in Vøler municipality, Norway. The main objective of this event was to take over Norwegian experience in the construction of energy-efficient buildings, promotion of development of energy efficient products, motivation of local community to support energy efficiency and to use of eco-friendly materials, and impact of these activities on the municipal budget. Delegation visited several municipality and local companies' buildings, which are built as low-energy buildings. This visit provided broad insight to Vøler municipality's experience in promoting energy efficiency and strengthened belief of Aloja municipality to continue improving energy efficiency in municipality.

Research and Scholarships Programme – first 13 scientific publications in 11 research projects with participation of scientists from Norway are already prepared and published. Work together on researches and scientific publications will deepen knowledge of Latvian and donor states' scientists and will ensure shared results on specific research issues.

Latvian researchers have gained international experience in fundamental research, while Norwegian researchers have admitted that work of Latvian partners is very efficient and disciplined, and this is a virtue to take over. Academic staff and students involved in project *“Mobility project between higher education institutions of Latvia and Norway in the field of art and design”* admitted, that during study in Norway they gained experience that significantly differs from Latvian educational system, because Norwegian students have greater freedom in choice of study courses, private working places, teachers rarely involved in study process, etc. Latvian Academy of Arts is currently improving their curriculum based on Norwegian knowledge and teaching methods. As best example, here could be mentioned mobility of student from University of Latvia (Faculty of Natural Sciences) during which she not only studied migration and learned about new methods on how to study migration with qualitative research methods, but also gained knowledge on social developments through “gender lenses” and good examples of academic cooperation. A 3rd year undergraduate student of Latvian Arts Academy underlined that during her mobility to Bergen University she gained valuable knowledge about digital weaving methodology, setting sketches and composition in a more efficient way, helped her teacher to make illustrations for his book and visited a factory of weaving.

4. Wider effect

Climate Programme – 14 articles in PPs' and Norwegian project partners' websites were published about both sides' contributions in projects' implementation and results of PPs bilateral visits to Norway and vice versa.

Cooperation between Aloja and Vøler (Norway) municipalities was established during experience exchange, where cooperation will be continued beyond project activities as both institutions discussed possibilities to expand cooperation also in business promotion.

Implementation of partnership projects led to experience exchange seminar on Climate Policy Evaluation which took place in Riga (in April) and during which experts from Latvia and Norway shared their knowledge and experience about current practice of Climate change policy evaluation, *Low carbon development strategy* for future climate policy and opportunities for future cooperation in developing and evaluating climate policies. During discussions the participants identified several topics on which cooperation could be continued. Amongst those topics were development of agriculture measures and quantification of GHG emission reduction potential for policies and measures. The Norwegian expert's experience and suggestions have also been taken into account in order to set up and to implement a new Seed Money Facility project carried out by MoEPRD.

Cooperation between Estonian colleagues, donor states' and Latvian experts was strengthened during seminar *“Climate-adapting Estonia 2030: Why and how?”* (in April) organized in Tallinn about Estonian experience regarding development of National Adaptation Strategy in project *“Elaboration of Estonia's Draft National Climate Change Adaptation Strategy and Action Plan”*.

Following the successful bilateral event *“Providing sea and coastal connection, climate change risks and adaption strategy determination”*, successful cooperation was continued between MoEPRD and Norwegian Ministry of Climate and Environment which experts provided consultations and peer-review on *Latvian Maritime Spatial plan*.

As a result of development of *Climate Change Adaptation Strategies* in Latvia and Estonia, cooperation with Estonian Environmental Research Centre was strengthened, for example, Estonian Environmental Research Centre shared experience about development and management of adaptation monitoring system in Estonia at expert seminar *“Development of monitoring system for adaptation”*. Taking into account that both neighboring countries have many similarities in climate challenges, experience exchange between Latvia and Estonia was especially valuable.

NGO Fund – there are several projects, where the partnership agreement is signed and future cooperation is expected after the end of the project. For example, within project “*Salutogenesis – important method for active support and successful social integration into society of children and young people with special needs*” the Norwegian partner Norwegian Science and Technology University with its extensive expertise helped to apply salutogenetic method in work with families with children with disabilities. Their connections in other countries helped to achieve more than was planned at the beginning. Research group together with Norwegian partners now are preparing an international scientific publication on implemented research results and also these results may be used for further international studies.

Cultural Heritage Programme – partnerships established within the projects have been strong enough to be continued in the future. For example, a contract between *Ludza Region Research Museum* and the *Museum Center in Hordaland* has been signed after the opening of the Great Synagogue of Ludza. The objective of the contract is to assure further cooperation in the research and maintenance of cultural heritage, to participate in mutual projects and implement activities that include research and society education.

Research and Scholarships Programme – partners from donor states are involved in all 37 projects. At least 50% of all existing partnerships will be continued after the programme, e.g., Art Academy of Latvia (AAL) will continue existing cooperation with Bergen Academy of Art and Design (KHiB) by providing mobility of students and staff. It is noted, that KHiB is planning to donate two looms to AAL, when moving to a new building, as well as providing opportunity for AAL student to finish her bachelor's theses and diploma work. At this time using student private funds. While scientists of project “*Cancer derived extracellular vesicles: function and clinic applications in prostate cancer*” together with Norwegian project partners have submitted joint project application “*Nanotechnology and Nanovesicles: Joining forces for prostate cancer precision diagnostics*” in ERA-NET EuroNanoMed 3rd call.

Norwegian researchers had an opportunity to explore situation in Latvia and the Baltics in so-called “blind spot” areas, e.g., medieval history. It is noted that partners from both sides plan to wider cooperation by attracting research teams from Lithuania, Estonia, Sweden and Finland, to continue research on iron and flint deposits.

Results achieved in research projects were shared to stakeholders during PPs’ specific area events and international conferences. For example, project “*EU policies impact to the transformations of the higher education and research system in Norway and Latvia*” researcher M.Elken gave presentation “*Failures in the context of soft policy coordination of higher education policy in Europe*” at the European Consortium of Political Research conference in Prague (7-10 September).

Project “*Latvian language in monolingual and bilingual acquisition: tools, theories and applications*” compiled their conference papers and publications into a book “*Children language in Latvia in 21st century, Vol.2*”. Authors of the book emphasize the necessity of knowledge how to promote development of child speech and overcome difficulties in learning language, as well as basic development criteria are presented, based on research results. Book itself is a guideline for teachers, speech therapist, scientists and parents to follow up speech development of children.

Taking into account the concrete results achieved in all 4 types of strengthening bilateral relations and the fact that **by now 37% of all projects from both FMs have partners from donor states**, one can conclude that cooperation history between our countries is an example of excellent bilateral relations between countries, rooted in mutual trust and respect, which allow us to look confidently in our future cooperation.

3. Reporting on programmes

3.1 Overview of programme status

Pre-defined projects

There are altogether 8 pre-defined projects in implementation within 3 programmes - NGO, Cultural Heritage and Climate. NGO Fund's pre-defined project were finished in April 2016. Both pre-defined projects under Climate Programme continued their work on development of National Adaptation Strategy, including development of climate change scenarios for 2050-2100, and enhancement of capacity of Latvian inventory experts by sharing experience with Norwegian partners; both projects will be finished in the extended period – by the end of April 2017. By the end of reporting period 4 of 5 pre-defined projects within Cultural Heritage Programme have finished the restauration works, therefore 4 cultural objects are opened to society, for example the Rezekne Green Synagogue and Museums of Rainis and Aspazija, while reconstruction works are still ongoing in pre-defined project of *Museum of Literature and Music*, which will not be completed until 30 April 2017 due to difficulties with contract on reconstruction works. More detailed information are included in Section 3.2 of this report.

SGS/OCs's projects

Active projects' implementation phase were ensured within the reporting period: all 204 projects in the NGO Fund were successfully completed, thus achieving significant results in the NGO sector. All 16 projects were finished within Cultural Heritage Programme, therefore several cultural heritage objects made accessible to the general public. 24 out of 25 projects in the Climate Programme and 16 out of 26 projects in the Research and Scholarships Programme (Scholarship and Research activity) were completed, therefore society's understanding about climate change got increased as well as the capacity building in research and students/stuff mobilities got strengthened.

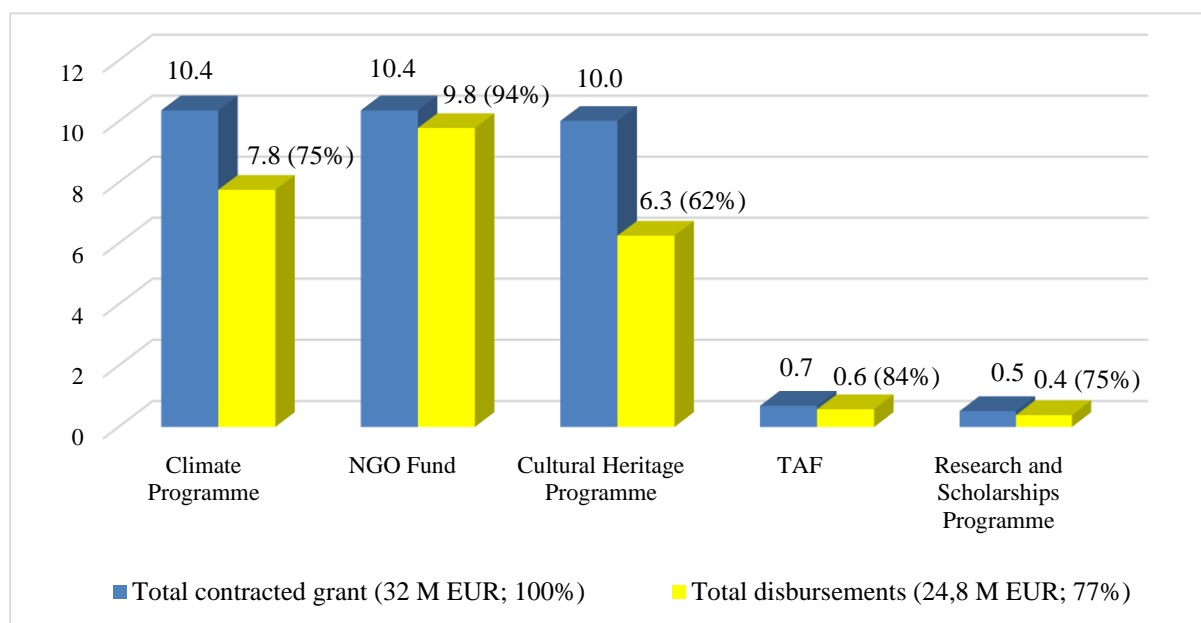
Commitments and disbursements made

Comparing with 2015 EEA FM payments received from donor states increased by 8 M EUR or 24% and by the end of reporting period they constitute 24.8 M EUR⁶(please see the chart below).

In 2016 absorption rate among programmes comparing with 2015 increased by 24% and was 77% of the total allocation (32 M EUR) basing on the fact that 94% of all projects were successfully completed, including the ones which involve more complex projects' activities like construction, renovation or restoration works. Please find more detailed information on challenges that came up during renovation of *Museum of Literature and Music's* building in Section 3.2 of Strategic Report.

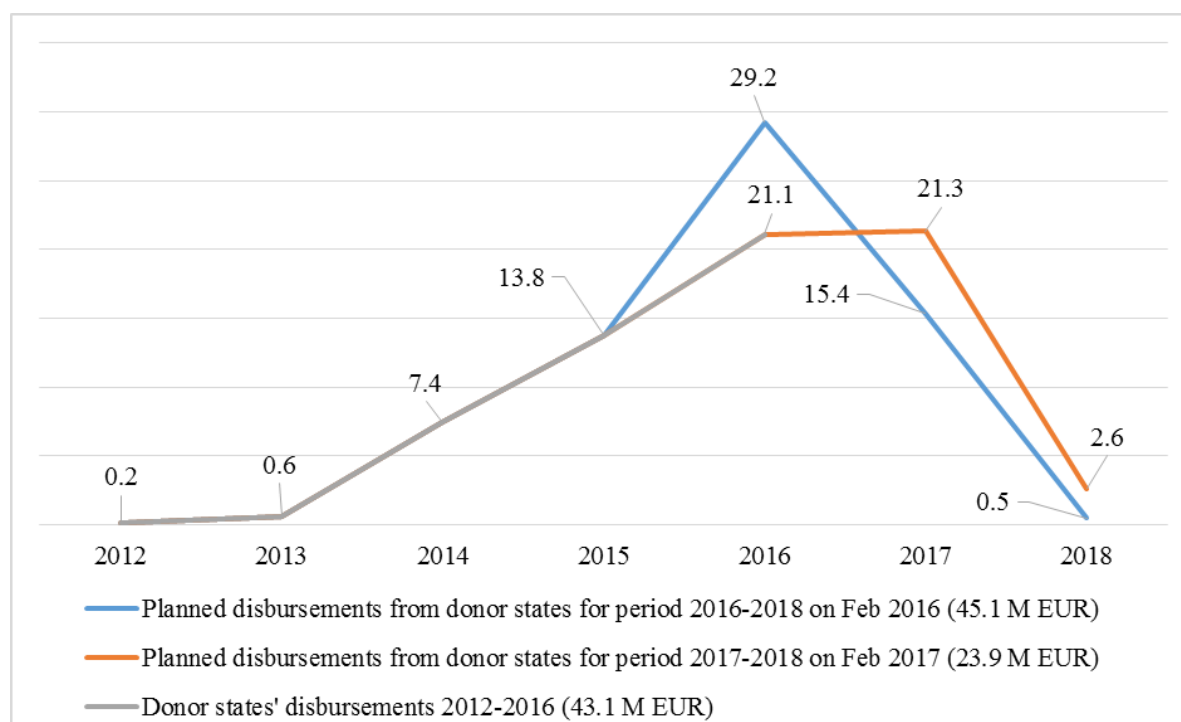
⁶ Including IFRs for Sept-Dec 2016 to be disbursed on 15 April 2017.

Chart 3 Financial data breakdown by programmes till December 2016, M EUR



As can be seen in the chart below, according to CA's forecast of February 2016 on planned donor states' disbursements, major payments were anticipated during 2016 because of the fact that completion of bulk of projects was planned on 30 April 2016.

Chart 4 Comparison of Donor States' Disbursement Forecasts of both FMs, M EUR⁷



The difference between planned and actual disbursements is 28% or 8.1 M EUR and was mainly caused by projects of 3 programmes due to the following major reasons:

- 1) **Climate Programme (2.2 M EUR; 38%)** – 24 out of 27 projects were completed in 2016 and approval of their final reports took more time than initially planned, therefore final payments to PPs are planned to be made in 2017. Also some projects were completed with

⁷ Problems with pre-defined project of Museum of Literature and Music that will impact total amount of disbursements in 2017 were not taken into account in the forecast submitted to the FMO in February 2017.

leftovers which will be re-allocated to PBF and the deadline for the implementation of activities in 3 projects were postponed for 2-3 months not exceeding the final eligibility deadline of 30 April 2017, but still this affected the forecast.

- 2) **Cultural Heritage Programme (1.1 M EUR; 28%)** - *Literature and Music Museum* pre-defined project had complications in procurement for the construction works of the museum. The decision on winner was appealed 4 times, as a result the construction works only began in May 2016. Besides that, in January 2017 unexpected technical complications were encountered by the contractor due to discovered much worse conditions of building's foundation. In light of the fact that PP and contractor did not reach an agreement on additional construction works and additional expenses, PP made unilateral termination of the agreement with contractor on 27 February 2017. Since that, construction works at the object have been suspended and on 30 April 2017 approximately 1.2 M EUR (incl. 1.02 M EUR EEA FM co-financing and 0.18 M EUR national co-financing) could be spent and eligible within the project. If there are no possibilities to assign the prolongation of eligibility of the project expenditure deadline, the leftovers from project around 3.15 M EUR (EEA FM) will not be disposed, which will be an enormous forfeiture for the *Museum of Literature and Music* and therefore also for Latvian culture. As several project final reports has not yet been approved, the final payments to projects will be made in 2017.
- 3) **Research and Scholarships Programme (1.1 M EUR; 51%)**- approval of project interim reports and timely payments to PPs were delayed as PPs had to make improvements in supporting documents and to provide additional clarifications to SEDA, however deviation between planned and actual payments flow within 2016 was insignificant.

3.2 Individual programme summaries

National Climate Policy

Programme has three main measures:

- 1) OC *“Emission reduction technologies inc. renewable energy, sustainable buildings and technology development”*;
- 2) SGS *“Capacity Building in the Field of Research and Measures for Enhancing Society’s Understanding about Climate Change and its Consequences”*;
- 3) 2 pre-defined projects: *ADAPT* pre-defined project and *INVENT* pre-defined project.

During the reporting year 6 out of 7 **OC** projects were completed and significant results were achieved:

- programme’s output *“Energy efficiency projects implemented”* was even overachieved as 5 instead of 3 planned low energy buildings for public use were built. Also assessment showed that these low energy buildings are more efficient than it was expected, as consumption will not exceed 15 kWh/m²/year (initial plan was 25 kWh/m²/year). As outstanding result could be mentioned that 3 low energy buildings - sport hall in Ādaži (1), science and technology museum in Ventspils (2) and a business center – library in Aloja (3)- were even nominated for the exposition’s *“Best building in Latvia of the year 2016”* in category *“Best Public New Building”*.



- In result of the 2 completed innovative low carbon technology projects 1) an innovative and effective low carbon biomass gasification technology system was created, thus substituting the use of imported natural gas with local renewable resources and 2) by using developed technology to produce polycrystalline silicon it is planned to achieve electrical power saving, potentially reaching 1 225 000 kWh/per year and reduction of CO₂ emissions 133.5 t/per year.

Within **the SGS** all 18 projects were completed. As a result:

- 11 different educational programme’s modules, study and learning courses were developed and approbated in order to improve knowledge on climate change of pupils, students, entrepreneurs and representatives of state institutions and municipalities, thus ensuring that output *“Developed professional education program modules on climate change and adaptation”* was overreached (target - 4). It should be outlined that several universities already integrated developed modules in their study courses and more students now has an opportunity to improve knowledge on climate changes.

- 13 educational and informative campaigns (instead of planned 12) were organized to enhance society's understanding and knowledge on climate changes. Campaigns were very various: promoting of practical methods in which people can get involved in climate change mitigation and adaptation; travelling photo exhibition about impact of climate change; demonstration of the documentary film in all Latvia's planning regions; development of a digital tool (<http://www.2gradi.lv/en/>) to help strengthen overall society's understanding on climate change and its effects; discussions about climate change, its causes and consequences, global solutions and individual responsibility led by a popular Latvian stand-up comedian.
- 6 out of 7 planned researches were concluded on following issues: how climate change affects specific species and biodiversity in lakes and Baltic Sea; development of bio-economy model for sustainable use of biological resources; GHG reduction potential of household areas; building renovation impact on climate change and analyze impact of different anthropogenic processes on climate change.

Both 2 pre-defined projects will be completed till 30 April 2017. In order to develop *the Latvia's National Adaptation Strategy* following activities were held within **ADAPT pre-defined project**:

- climate change scenarios in Latvia for 2015-2100 was developed and visualization tool of the scenarios for wider public was published on website: <http://www2.meteo.lv/klimatariks/>. Climate scenarios are essential in planning and managing adaptation procedures in economic sectors affected by climate change.
- 4 out of 6 planned reports about climate change risk, vulnerability assessment and cost-benefit, as well as cost-effectiveness' assessments for adaptation measures in the most vulnerable sectors (e.g. agriculture, forestry, biodiversity, ecosystem services, health and wellbeing) were concluded.

Important progress towards development of the *Maritime Spatial Plan* was made, as draft of the plan was prepared and will be approved by CoM in 2017. The plan will contribute towards responsible and reasonable mitigation and cost-efficient adaptation to the impact of climate change in maritime areas and coastal waters. In order to provide public participation and access to information on climate change and adaptation policy *the Climate Change Web Portal* will be created in 2017.

The INVENT pre-defined project ensured progress towards achievement of the programme's output "*Improved greenhouse gas inventory system*":

- an integrated database for climate change and air quality data aggregation was developed, including a tool to report projections for international reporting purposes. The database and the tool will ensure enhanced availability and higher quality data for the preparation of the national GHG inventory, thus taking into account the recommendations given by an international auditors and improving the system for environment monitoring.
- 5 studies for inventory improvement were finalized and they will impact the quality and availability of GHG data to be used in the integrated database, and will improve the quality of existing GHG emission data for the preparation for further national GHG inventories.
- 3 educational events for sectorial experts, which are involved in the preparation of GHG projections, GHG inventory as well as in preparation of reports on policies, measures according to national system (CoM Regulations "*Regulations Regarding the National Inventory System of Greenhouse Gas Emission Units*") took place. Experience and awareness has been gained what will be used in the development of the proposal for the model system, which will help to improve the quality of the information for preparing national GHG projections as well as evaluating measures.
- The capacity of Latvian inventory experts was increased within 1 conference and 5 training seminars about GHG emissions in such areas as energy and energy efficiency/consumption, transport, research and innovation, agricultural GHG mitigation measures and quantification of costs and mitigation potential. Norwegian partners were participating in 5 out of 6 events,

thus strengthening the bilateral relations and fostered further cooperation between Latvia and Norway.

As one of main activity towards strengthening bilateral relations could be mentioned that PO reallocated financing from leftovers of complementary actions, OC's and SGS's projects to PBF in order to provide possibility to all 119 Latvian municipalities organize experience exchange events with donorstate's institutions about implementation of local climate change adaptation measures and development of local climate change adaptation strategies.

In order to summarize overall programme's progress - 10 out of 15 planned outputs` indicators were achieved and 5 were even overachieved. Also PO outlines positive progress towards programme's outcomes and considers that 4 out of 5 planned indicators will be achieved. More detailed information on achievements of programme's outcome/output results are included in Annex 6.10.

NGO Fund

The programme has three main focus measures:

- 1) pre-defined project „*Support to sustainable civil society development and improvement of the monitoring system in Latvia*”;
- 2) OC *NGO Project Measure*;
- 3) OC *NGO Activity Support Measure*.

Within **pre-defined project** implemented by the society “Latvian Civic Alliance” the *Participation Index*⁸ is developed. With this tool each person can calculate its participation in public proceedings and compare it with the average results in Latvia. This platform can also serve as a monitoring tool which helps politician and other interested parties to monitor the changes in society and to plan the actions according to the changes. Also the *NGO sector monitoring system* is finalized. It is a tool for the experts to evaluate the development and dynamics of the sector, to identify the scope of problems, weaknesses and strengths in the sector. The system will be used for improvement of national policy for planning of various financing instruments and NGO work.

Altogether 125 projects are implemented within **NGO Project Measure**. Several projects were targeted to children and youth with disabilities or serious illnesses. For example, within the project “*Implementation of innovation solutions in Children's Palliative Care*” there were developed children's palliative care services at home, including innovative telemedicine technology. As other examples of the innovative services can be mentioned the psychosocial rehabilitation camps for cancer patients, use of salutogenesis method for children and youth with disability or predictable disability, support services to improve self-care skills. The programme ensured the increase of innovative social services and social measures for children and youth at risk, and families with children that potentially more often experience crisis situation (outcome target – 38, reached – 66), thereby 5 149 children and youth (output target – 570) have improved access to innovative social services.

A great support through language courses, cultural activities, intercultural communication trainings and other activities were provided for minorities. An impressive progress can be seen – in total 829 persons have studied the Latvian language and acquired knowledge about Latvian history and culture (output target – 200).

⁸ The Participation Index indicates the involvement of citizens in the NGO activities. The Participation Index Survey: <http://www.lidzdaliba.lv/Home/Description>



The event for families with children with disabilities within the project “Step by step forward!” implemented by the Association „For Latvian Children with Physical Disabilities”

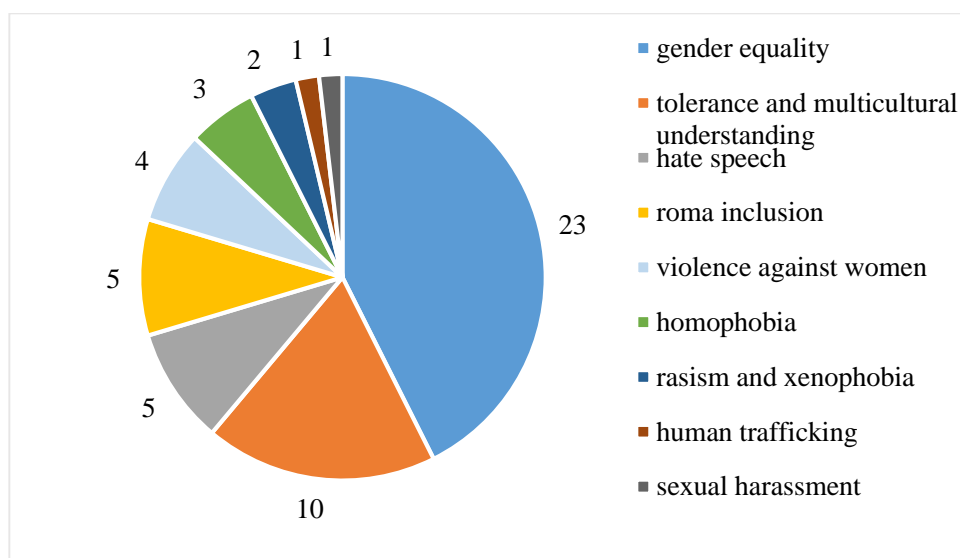
Implementation for all 79 projects within **NGO Activity Support Measure** ended already in December 2015. 57 NGOs (outcome target – 36) have taken an active part in decision making processes in national, regional or local level by providing reports, writing letters, participating in the work groups, organizing meetings etc. The programme has allowed not only to take an active part in the development of legislation in this important period, when the priorities for next 7 years were set up in EU, but also has provided the opportunity to take an action and propose new legislative acts. As one of the samples can be mentioned the draft of the *Same-sex Partnership Law* (the project “*Core support for Association of LGBT and their friends MOZAIKA*”). Although the legislative act was not adopted by the Latvian Parliament, it raised broad discussions about LGBT rights and “traditional” families.

Furthermore, the outcome “*number of newly established or enlarged international/ national/ local NGO coalitions*” is exceeded more than 8 times (outcome target – 5, reached – 44). NGOs more actively involved not only in local NGO platforms, but also in European level umbrella organizations, for example International Children's Palliative Care Network, European Citizens Action Service and Romani Early Years network. This number shows the tendency for NGOs to recognize that working together allows to work more effectively and gives an opportunity to make bigger changes.

There are at least 5 239 new members and volunteers involved in the projects` actions, which exceeds the planned outcome target (4 000). The biggest part of this number is the youth that takes part in voluntary actions. NGOs admitted that it is easier to get people involved voluntarily in small short-term activities (for example, joint cleaning work, organisation of different events) rather than in the long-term actions.

The first data from the Programme final evaluation shows that 37 projects involved activities that cover **Special Concerns**. Most of those projects included only 1 field of special concerns, but the activities within the projects ranges from discussions about the exact topic till measures implemented for 3 years. The gender equality is the most popular topic within the projects (please see the chart 5 below).

Chart 5 Number of implemented projects that included special concerns



Additional information about the scope of activities and programme's outcomes' impact will be available in the Final Strategic Report.

The intercultural dialogue and integration of national minorities was strengthened through other activities: the Society "Centre for Education Initiatives" took over the *Grunnlaget* programme from their project partners "Pedverket Resource Center" (Norway) and used it to work with *roma* children and youth. Within the project 4 resource centres are opened, where *roma* children and youth received help with school issues and other information, as well as participated in different activities. There were round-tables organized about non-citizen integration in Latvia and developed suggestions for changes in national legislation and developed interactive game about Latvian history for the school children.

Overall 8 out of 10 outcomes' indicators in the programme are reached or overreached. 2 outcomes' indicators will not be reached, because of the low activity of NGOs working in exact thematic area "Development of a cohesive society". Regarding the planned outputs' indicators – 4 out of 25 were reached and 20 of them are even overreached. Only 1 output indicator will not be achieved. More detailed information on achievements of the programme's outcome/output results are included in Annex 6.10.

Cultural Heritage programme

The programme has three main focus measures:

- 1) 5 pre-defined projects within the activity *Conservation of cultural heritage and expansion of scope of cultural services*;
- 2) SGS *Conservation of Cultural Heritage*;
- 3) SGS *Cultural Exchange*.

3 of 5 **pre-defined projects** were completed. Digital database with information on the Art Nouveau cultural heritage 1 000 units (photos of the Art Nouveau objects and Art Nouveau cultural heritage items descriptions in Latvian, English and German) was created in *Riga Art Nouveau Centre's* project, thus ensuring the achievement of the output (target – 1 database) and outcome (target – 1 000 units) indicators. All 3 objects within *Rainis and Aspazija museum's* project (Rainis and Aspazija Summer Cottage, Tadenava, Rainis and Aspazija House) were opened to the public in summer. The restored and renovated buildings have creative exhibitions with new design and modern approach to explain the history. Furthermore, all three restored museums have received an award "*The Kilogram of Culture 2016*" in nomination "Heritage", which is quite significant result.



Visitors could derive knowledge about the Rainis' childhood through the games in Tadenava museum

Great attention was paid to transfer of knowledge and skills in close bilateral cooperation – theoretical and practical trainings were organized in Rainis and Aspazija Summer Cottage with participation of experts and craftsmen from Norway to learn all restoration stages of wooden elements: cleaning of the wooden and metal parts from crumbling paint, surface preparation, priming, painting with linseed oil, replacement of the cracked glass, as well as the replacement of damaged parts. Already 10 401 visitors have been in *the Green Synagogue of Rezekne* from the moment of opening to public in January, that shows a great interest from public. Construction works were completed in *Ethnographic Open-Air Museum's* project. In addition, 141 historical chests are refurbished for the project exposition and renovation of 6 anchors is in the process. The opening of the restored Port Warehouse is planned in March 2017.

Meanwhile unexpected complications – dispute between PP and contractor about condition of building and need for additional reconstruction works – have been occurred in *Museum of Literature and Music's* project due to which project would not be completed on 30 April 2017. So far PP assessed contractor's estimate of additional reconstruction works for museum's building and partially accepted them. However, some of additional reconstruction works and unjustified large increase of expenses were not accepted by PP. As PP and contractor was not able to reach an agreement on additional works and expenses, on 27 February 2017 PP terminated agreement with a contractor. In response to that, contractor has initiated proceedings in a Court against PP for termination of the agreement and on 2 March 2017 the Court issued a decision prohibiting PP to conclude new agreement with another construction company until the end of judicial action. PO has informed FMO about the complications⁹ and asked for donor states' opinion about prolongation of final date of eligibility for project expenditures after 30 April 2017 based on Paragraph 5 of Article 7.14 of the Regulation enabling donor states give further extension to a project subjected to judicial procedures or administrative appeal with suspensory effects, if it deems that such extension is in the interests of FM. An extension would allow PP to finish appropriate and qualitative reconstruction works without applying any financial corrections or reimbursement of full amount of donor states' EEA FM contribution approved to the project. However, despite the financial constraints, PP would cover project expenditures incurred after 30 April 2017 and until final project completion date. PP is committed to do the utmost to complete the project as soon as technically possible. More information on project's risk are included in Risk assessment at the programme level (Annex 6.7.2).

Implementation of all 5 projects within the *SGS "Conservation of Cultural Heritage"* is completed. *Great Synagogue of Ludza* was opened to the public in August. After the restoration,

⁹ MoC letter of 27 January 2017 to FMO, FMO letter of 2 February 2017 to MoC regarding implementation of pre-defined project. MoC e-mail of 24 March 2017 to FMO regarding updated status on pre-defined project's implementation.

the synagogue, its original image, architectonic composition of facade, wooden constructions and authentic planning of premises were kept. There were 4 different expositions created to reflect history, religion and culture of Jewish people who used to live in Ludza. Also restoration works were completed and new cultural services are created now for *Museum of Jānis Akuraters*. After the restoration of *Kuldīga Old Town Hall* the environment of Applied Arts` Studio is improved as well as the amount and quality of the culture products were enriched thus fostering cultural supply and encouraging economic activities in Kuldīga.

The significant common goal of these projects was the restoration of cultural heritage objects and the workshops for the craftsmen in Latvia and Norway – the Museum Centre in Hordaland, Akershus Restoration Centre in Drobak and Lillehammer Museum Association of Norway.

Within **SGS “Cultural Exchange”** all 11 projects were implemented and in result different kind of the cultural events like performances, exhibitions, concerts, workshops, creation of the new musical compositions, festivals were organized in Latvia, Norway and Iceland. All events were addressed for wider public and helped to develop a mutual understanding through the culture. In addition, the mobility of 205 different cultural specialists (output target – 100) was provided, and the most valuable gain from the implementation of these projects is the opportunity to create new partnerships and to strengthen existing partnerships. The outcome “*Number of cultural performances held*” showed a significant progress – in total 54 events (target – 20) were organized together with donor projects` partners with participation of 88 943 persons (target – 1 000). 33 events were held in Latvia, 20 – in Norway and 1 – in Iceland.

Promotion of cultural diversity was especially explicated in the cultural exchange projects, for example, the project “*Joik & Daina*” underlines the exchange between Latvian and Sami culture by getting familiar with the music and traditional culture of the partner country, which is based on its own – Latvian or Sami – heritage. Besides that, the further cooperation was followed after the project “*Experimental music lighthouses: Riga – Tromsø*” completion by organizing concerts and workshops with participation of project partners from Norway.

Within the project “*Latvia - Norway. Discover Folk Tradition in Music*” 13 new arrangements of Latvian national compositions were made especially for this project. Also Sigulda Youth Chamber Orchestra and Sigulda Arts School “*Baltais Flīgelis*” choir visited Bergen in Norway, where a joint concert program together with Nesttun String Orchestra was performed at the Grieg Hall, thus establishing mutual contacts and strengthening cultural dialogue.

All of SGS “Cultural Exchange” projects contributed towards **Special Concerns**. Moreover the two essential cultural heritage projects – *Great Synagogue of Ludza* and *Rezekne Green Synagogue* – opened in 2016 have contributed greatly to the extension of the awareness towards the multicultural background in Latvia and thus generated more tolerance and understanding within the different co-existing cultures in the Latvian society.



A photo from the exhibition “Jews in Norway and Latvia. Unexpected crossings”, which was displayed in Riga and Oslo

Promotion of anti-discrimination and tolerance has been carried out in several projects by putting an emphasis on the preservation of Jewish cultural heritage. The project “450 Years Together. Jewish Culture in the Latvian Environment – Arts, Music, Education” provided a possibility for the society of Latvia and Norway to become familiar with the Jewish culture as well as the significance of it in the different time periods.

Overall 4 out of 5 outcomes` indicators in the programme are reached or overreached. The rest of indicator will be reached in 2017. 5 out of 7 outputs` indicators are reached, but 1 output will not be reached, because during SGS no project applications were submitted within the area of Art Nouveau. More detailed information on achievements of the programme’s outcomes/outputs results is included in Annex 6.10.

Research and Scholarships Programme

The Programme consists of two main components:

- 1) Research – support for joint research projects between Latvian and Norwegian research institutions.
- 2) Scholarships – support for mobility activities between higher education institutions in Latvia and donorstates.

In 2016 the most of projects’ activities regarding research and mobility took place. For dissemination of the Research and Scholarships projects’ results an on-line [interactive map](#) and a [video](#) about FM’s contribution to research and mobility development in Latvia was created and published on the websites of the MoES and SEDA.

Within **Research activity** all 11 projects (5 projects within health area and 6 within social sciences and humanities area) are planned to be completed till 30 April 2017.

Results achieved in **Research** projects in 2016 were as follows:

- 35 out of 36 planned research institutions from Latvia and Norway are cooperating within the programme (two project partners merged due to reform on science institutions consolidation);
- As one of outstanding results can be mentioned - 160 researchers from Latvia and Norway are involved in 11 joint Research projects and are making essential contribution in research areas such as environmental chemistry and health, oncology diagnostics, teachers’ education, medieval history, etc.;
- 13 out of 38 planned joint scientific publications were submitted and published. At least 25 - 30 more joint scientific publications will be submitted and published in 2017;

- 41 out of 40 planned internationally peer-reviewed publications were already published, such notable results were reached because of success of project *“Latvian language in monolingual and bilingual acquisitions: tools, theories and applications”*, which itself gained 23 (56%) out of all internationally reviewed publications;
- An extra achievement could be outlined – additional 28 scientific publications were published in local and international scientific journals and conference papers by researchers from Latvia;
- 56 PhD students and postdocs were trained (79% of them were female), thus output indicator was overachieved (target was 20).

As excellent example of successful cooperation could be mentioned project *“Innovative approach to hull-less spring cereals and triticale use from human health perspective”*, where Latvian and Norwegian researchers contributed in increasing knowledge on impact of triticale and hull-less spring cereal species on human health potential and their work has been rewarded with the special price from the Latvian Academy of Sciences for significant contribution to science in Latvia in 2016.

Within **Scholarships activity** 16 out of 28 projects were completed, 10 projects has been extended and 2 projects were terminated.



The Latvian-Norwegian team working together to explore the health benefits of hull-less cereals.

50% of mobility projects were within social sciences and humanities area, 29% - health area and rest 21% covered areas such as information technology, art and design, architecture and mechanics.

Results achieved in **Scholarships activity** projects in 2016 were as follows:

- 58 out of 70 planned student mobility were held;
- 117 out of 44 planned academic staff mobility were held. As there was a risk that student mobility will not be reached due to late start of the Scholarships activity, tight academic year schedule and two projects termination - the decision to increase staff mobility was agreed between PO and DPP. This explains why amount of performed academic staff mobility is three time higher than initially planned.

Excellent results with total 24 mobility were achieved within project *“Enhancing human capital and knowledge in health science by institutional cooperation and mobility between the University of Latvia and three Norwegian universities”* which was performed in synergy with Research activity. 9 students and 15 academic staff members from the University of Latvia had chance to meet key figures in Oslo University Hospital who are working with pituitary adenomas. Mobility members deepened their knowledge in adenoma research, clinical aspects, cell culture cultivating and transformation, as well as obtained certificates proving their knowledge in work with laboratory animals.

4 out of 7 synergy projects were successfully completed and in total 11 students and 11 academic staff members were involved. With involvement of PhD, master and bachelor students - synergy projects contributed to the development of courses in area of chemistry and interdisciplinary

course modules in area of child language studies. Academic staff members' involvement in activities of research projects facilitated to development and application of advanced teaching methods.

Leftovers from the completed Scholarships projects were reallocated to PBF, thereby giving a chance to each PP of Research activity apply for unlimited number of bilateral events (up to 5 000 EUR per event) during programme implantation period (previously application just for one bilateral event were foreseen). Reallocation of the leftovers especially benefits the PPs of Scholarships activity, who now has a possibility to apply for up to 2 000 EUR per bilateral event, as previously the funds of PBF were not available for Scholarship activity. These amendments will increase chances for researchers, students and academic staff to improve established cooperation and to provide wider opportunities for mutual work and events, that will foster as well as future cooperation. Also on 29 November, Informative seminar for PPs was organized to explain possibilities to increase opportunities to cooperate under PBF.

In order to summarize provisional results of the programme PO launched an on-line survey, where 41 academic staff members and 33 students participated (including 4 academic staff members and 1 student from Norway). 76% respondents admitted that mobility had a very positive impact on their personal and professional life as well as further academic choices.

Overall 3 out of 6 planned programme's outcomes` results were overreached. Regarding planned outputs` results – 7 out of 11 were reached and 6 of them were even overreached. PO considers that almost all planned outcomes and outputs results will be reached in 2017. More detailed information on achievements of Programme's outcome/output results are included in Annex 6.10.

4. Management and implementation

4.1 Management and control systems and legislation compliance

National level

In accordance with CoM Regulations No.502 “*Procedures for Ensuring the Functions of the Audit Authority in the Management of the Financial Mechanisms for the Period of 2009-2014*”, FP has updated and submitted to AA the modified description of MCS. The major changes and updates in MCS include:

- DoRIS section is updated with the fact that the programme agreement’s amendments are reviewed through DoRIS and bilateral fund activity should be administered in DoRIS (changes in 2016);
- updated procedures, manuals, risk management policy dates;
- updated organisational schemes and contact information for institutions involved in the implementation of FMs.

AA has assessed effectiveness of the established MCS and on 30 December 2016 submitted to FMO an Annual Audit Report (AAR) for the reference period from 1 June 2015 till 30 June 2016 together with the Independent Auditor’s Report that includes AA’s opinion recognizing that developed MCS for implementation of FMs functioned effectively during the reference period as well as assures that IFRs submitted to donor states during the reference period are correct and underlying transactions are legal and regular.

During AAR reference period, irregularities’ system at BS’s level audit was planned, but it was postponed to 1st half of 2017.

Programme level

According to the Paragraph 2 and 3 of the Article 4.8 of the Regulation all POs have elaborated and submitted to AA detailed descriptions of PMCS and PO’s functions. AA have performed compliance assessment audits of PMCS within previous reporting periods and confirmed that all *PMCSs comply with the Regulation and generally accepted audit principles however some improvements are needed to address deficiencies* identified during the compliance assessment. Since all information needed for approval of implementation of the proposed recommendations of compliance assessment audits, were submitted to AA by PO and agencies during previous AAR reference period, AA concluded that all recommendations are implemented.

In accordance with CoM Regulations No.502 all POs have submitted to AA information about updated description of PMCS regarding AAR reference period. According to AA’s evaluation the changes made within PMCS of Climate Programme, NGO Fund, Cultural Heritage Programme and Research and Scholarships Programme mainly concerned with updates in organizational structure and contact information and with information and guidelines provided by FP, and these changes are not considered significant by AA and don’t have major impact on accurate implementation of the programmes.

During current reference period AA has performed 2 system audits of PMCS. AA concluded that PMCSs operate efficiently and complies with the Regulation, however separate improvements are necessary. Results of audits were as follows:

- 8 out of 15 recommendations from audit on operational effectiveness of PMCS in MoC are implemented, 3 – are partly implemented, 3 – were proposed to be implemented in the PMCS of 2014-2021 FM’s period (if there will be such programme) and one recommendation regarding verification of supporting documents on a sample basis provided by FMs legal acts as tool that might reduce POs/agencies’ working load and speed up verification process of project reports – MoC decided to pursue the established practice of 100% verification method as in 2016 vast majority of projects are already completing.

- preparation of audit report on operational effectiveness of PMCS in MoES and SEDA is still in progress.

Risk management at national level

Risk management of FMs in FP is ensured within *Risk management Group*¹⁰, which includes representatives from FP. According to the *Risk management procedure*, risks are reassessed annually in the *Risk management Group*. Accordingly the *Risk register* has been updated revising risk values and regularly performed mitigation actions in order to minimize the risks.

For FMs there are 3 national level risks: 1) not achievement of the programmes' outcomes; 2) insufficient absorption of PBFs and 3) corruption risk. Description of risks and mitigation actions relevant to current implementation phase of the FMs is included in the Annex 6.7.1 of this Report.

During the reporting period the risk of not achieving programmes' outcomes has substantially decreased due to the extension of the project implementation date till 30 April 2017 that provides extra time for achievement of programmes' outcomes. All mitigation actions for this risk planned in previous period were executed and will be continued also in the next reporting period.

Regarding insufficient absorption of PBFs risk – according to actual data 42% of PBF funding was used by the end of 2016, however regardless of the extension of the programmes' implementation date till 31 December 2017, there is still challenging for POs, agencies and PPs to use efficiently PBF funds due to the following reasons: 1) bilateral activities have been already implemented on the projects' level; 2) due to reallocation of completed projects' leftovers to PBF, the total amount of available PBF's funding increased two times on average (for example, Climate programme - from 1.5% to 3%). In order to monitor the risk bilateral cooperation, PBF's issues are regularly discussed with representatives of Embassy, POs` and agencies at bi-annual Communication Group's meetings and CC meetings.

Corruption risk and risk of conflict of interest was assessed as very low, even though it could not be fully eliminated but only mitigated by improving the system, FP continues to take proactive actions in order to ensure best possible prevention of the corruptive activities. Taking into account mitigation measures planned in the *Risk assessment*, the following actions are executed during the reporting period:

- as already reported in the previous period, FP has analyzed the mechanisms implemented in POs and agencies for control and monitoring of corruption and fraud risks and conflict of interest and gained assurance that risks are being adequately and sufficiently mitigated in POs and agencies during the Selection and Monitoring processes;
- Complaint Register serves as a tool for complaints' summarizing, monitoring and controlling in order to spot any systematic tendencies or signs that could hinder possible corruption or conflict of interest in the institutions involved in the management of FMs. During reporting period FP has received and reviewed 4 complains: 2 of them were about the decisions of PO of Cultural Heritage Programme and NGO Fund regarding approval of non-eligible costs reported in the project reports as eligible, one – about conflict between management and employee in Electronic surveillance pre-defined project of Correctional Services Reform Programme and one – about ownership and maintenance of developed NGO monitoring system within the NGO Fund's pre-defined project. All complaints was marked in Complaint Register as "Closed" because FP concluded that there was no breach conditions of FMs and national legal acts by PO
- According to the tasks defined in CPCB's guidelines, in May 2016 the MoF (acts also as FP) updated the *Action plan corruption and fraud risk mitigation*.

The corruption risk is complex and connected both with the internal control environment in the institutions and overall political situation and anti-corruption policy in the country, thus assessing

¹⁰ MoF Risk Management Group for the EU Structural Funds, Cohesion Fund, Financial Mechanisms and Swiss Programme

the factors of outside of FP is as important as then actions performed by FP. In 2016 Corruption Perception Index¹¹ for Latvia increased comparing to previous year, receiving 57 points from 100 which means that Latvia from 176 countries' list dropped in rankings from 40th place in 2015 to 44th place in 2016.

As MoF is also the Managing Authority of EU Funds and most of the POs are also institutions involved in the implementation of EU Funds, the experience and actions taken to mitigate corruption risks in EU funds management affects also the FMs and *vice versa*. Thus, it's worth mentioning that special focus in EU Funds 2014-2021 programming period is concentrated on corruption risk management aiming to zero tolerance towards corruption and fraud in the management of EU Funds. Thus, Managing Authority of EU Funds had developed *Action plan for prevention of corruption risk in the management of EU Funds* and provides guidelines and trainings for subordinated institutions raising the awareness and knowledge of the corruption matters. At same time all employees working in public sector have to attend every two years Anti-corruption courses organized by CPCB on the following topics: public official's professional ethics, conflicts of interest of public officials and recognition and prevention of corruption. In September 2016 the Deputy Head of FP increased the competency in specific public procurement risks by attending seminar "*Cartels and corruption risks in public procurement*" organized by the State Chancellery and chaired by the Competition Council and CPCB experts.

During the next reporting period, FP will continue to perform implemented mitigation measures and constantly assess opportunities to strengthen internal control system in order to minimize corruption risk.

Risk management at the programme level

FP evaluated risks based on regular monitoring of programmes' implementation and POs' submitted information about the risk monitoring in 2016. Please see in the Annex 6.7.2 of this Report detailed risk assessment (incl., mitigation actions) of horizontal risk and specific to each programme.

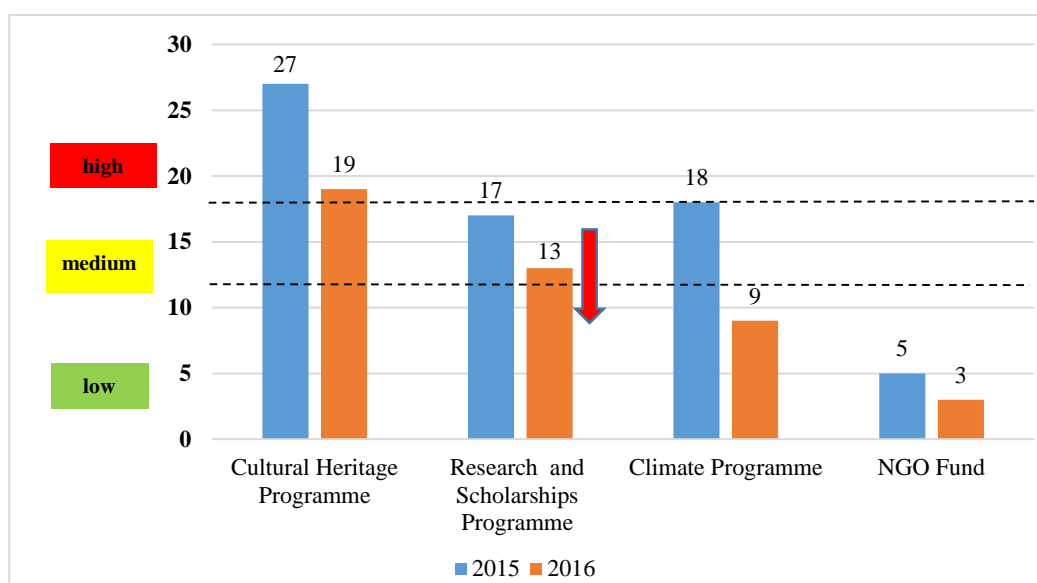
FP identified one horizontal risk at the programme's level: *Lack of capacity and interest from donor states' partners in participation in PBFs' activities* (except NGO Fund) – bilateral activities have to be facilitated at all levels – PPs, POs/agencies, FP and DPPs which will be challenging due to limited capacity of donor states' institutions and high demand of the BSs in 2017 which is the last year of PBF's implementation.

Although the risk of *Infringement and errors in procurement procedures and breaches of procurement contracts' conditions* has been sufficiently monitored by all POs/agencies and PMB, it was remained actual and caused even critical difficulties in the Culture Heritage Programme as it is already mentioned in Section 3.2 of this report.

¹¹ Annually published evaluation by the Transparency International, webpage: <http://www.transparency.org/cpi2015>

In the chart below the actual risk scoring of programmes' in comparison to the previous reporting period are shown:

Chat 6 Total risk score according to the risk assessment



Comparing to the previous reporting period, trend for risks in all 4 programmes showed steady decline in risks' scores as result of proper risks' mitigation actions ensured by POs. As regards to programme risks' levels (low-medium-high), they were as follows:

- 1) Culture Heritage – remained at same level – **high** – due to risk of achievement of results in pre-defined project of *Museum of Literature and Music* where reconstruction works will not be completed by 30 April 2017 because of conflict between the PP and building company resulting in the termination of contract from PPs' side. Both risks regarding construction costs' increase and non-achievement of results in pre-defined project of *Ethnographic Open-Air Museum* were properly mitigated by PO and, therefore, were excluded from the programme risks' list. As mentioned previously, risk of infringement and errors in procurement procedures is still actual for this programme because of experienced challenges in pre-defined project of *Museum of Literature and Music*;
- 2) Research and Scholarships – remained at the same level – **medium** – because 16 out of 37 projects were completed and all 11 research projects with more time-consuming activities were prolonged till the final date of implementation. As all projects were in the implementation and the first results were reached, there were identified two actual risks for 2016 that will be actual also in 2017 – elimination of double funding and usage of project results by PPs in case of profit. The risk of low capacity of the PO and SEDA was properly mitigated, therefore it was excluded from the programme risks' list;
- 3) Climate – reduced from medium to **low**, because all construction activities in OC's projects were successfully completed. Although during implementation of ADAPT pre-defined project it was identified a new risk regarding low understanding of general public in climate mitigation and adaptation issues;
- 4) NGO Fund – remained at same level – **low** because NGO Fund was the only programme which was not used projects' prolongation option, therefore implementation of all 205 projects were completed on time – by 30 April 2016.

The FP in cooperation with POs/agencies will ensure regular monitoring of the above mentioned high and moderate risk level programmes and will request further actions from the involved institutions.

4.2 Irregularities

Although in 2016 many irregularities were discovered during approval of the project final reports as the most of projects were completed by the end of 2016, but there were also the cases where the PO/agency discovered the irregularities in the first project progress reports, for example, in research projects under Research and Scholarships Programme which approves difference among the programmes implementation progress (please see the table below).

Comparing 2015 (53 086 EUR/0.15%) with 2016, the irregularity amount has decreased by 0.02% or 7 916 EUR. Total accumulated irregularity amount by the end of 2016 is 160 475 EUR (0.5%) which is still considered as a very good result – well below standard materiality level of 2%.

Table 3 *Summary of all irregularities reported in 2016 by the CA, AA and POs*

Title of programme	Total programme costs, in EUR	Reported irregularities, in EUR	Reported irregularities from total programme costs (%)
1.Cultural Heritage Programme	11 787 647	26 815	0.23%
2.Climate Programme	11 205 405	0	0.00%
3.NGO Fund	10 910 526	17 133	0.16%
4. Research and Scholarships Programme	575 833	1366	0.24%
5.TAF	691 000	0	0.00%
Total:	35 170 412	45 314	0.13%

In 2016 total amount of irregularities detected in programme management costs were 9 056 EUR (20%), all of them detected by CA. Irregularities were reported to FMO in accordance with the Chapter 11 of the Regulation and they were mainly:

- PO's mistakes in recording of paid expenditures, calculations of health insurance costs, annual leave payments, payments for extra hours and salary related with non-compliance with proportionality principle and arithmetical errors;
- breach of procurement rules in the purchase of business travel organization services.

80% of all irregularities were detected at projects' level by POs – in 10 projects of Cultural Heritage Programme, including 4 irregularities' cases in PBF, and in 9 projects of NGO Fund.

Irregularities in Cultural Heritage Programme were related with exceeding of project's budget lines, wrongly calculated payments of annual leave, inclusion of costs not related with project activities and improper calculation of project administrative costs (mainly in PBF activities). Irregularities in NGO Fund's projects were related with breach of publicity provisions, not fully achieved project results, exceeding threshold for project management costs, inclusion of non-eligible expenditures, lack of clear, sufficient and provable supporting documents on projects' costs and breach of cost-effectiveness principle.

Immediately after detection of irregularities POs did the recovery procedures of irregularities – reduced the total project eligible costs and excluded irregularity amounts from project interim or/and final reports, or issued decisions about repayment of irregularity amounts, the same procedure was applied by CA on programmes' level, where respective programme's IFRs were accordingly corrected. However, there are still administrative proceedings on-going in 4 NGO Fund's projects in amount of 92 444 EUR. Respective irregularities do not refer to FM, as they were withdrawn from the Programmes' IFR and reimbursement of these irregularities will be ensured at national level. Part of amount of irregularity could be written-off from state budget till the end of 2017 if the PO will acquire a proof from administrative proceeding that PP financially is not able to repay amounts unduly spent.

4.3 Audit, monitoring, review and evaluation

During the reporting period POs and agencies carried out following **projects' monitorings**:

- Cultural Heritage Programme – 21 on-spot checks were performed in 18 projects. In 10 projects recommendations about financial supporting documentation, bookkeeping and publicity were implemented, for other projects no shortcomings were established.
- NGO Fund - as all of the projects' activities ended on 30 April, only 2 on-spot checks were carried out and both were positive. Also no shortcomings were detected in 7 post-completion monitoring visits.
- Climate Programme – 26 on-spot checks carried out in order to verify compliance of supplies and services, as well as supporting documents and payment requests. All conclusions were positive as all activities were implemented in accordance with project contracts, national regulations and technical documentation.
- Research and Scholarships Programme – 7 on-spot checks in scholarships projects were performed. The most common shortcomings were regarding incorrectly filled timetables and inaccuracies in the procurement procedures. All insufficient information was provided and inaccuracies were rectified.

During reporting period 2 national level **system audits requested by FMO** were performed:

- Climate Programme – contracted audit company concluded that PO's set System is designed in compliance with all the regulatory/ contractual requirements and it is proportionate and operates effectively. All recommendations were taken in account.
- NGO Fund – contracted audit company concluded that PO's set System operates effectively and in compliance with all the regulatory/contractual requirements. All recommendations were taken in account.

Overview of various system audits and on-spot checks planned for the next reporting period please find in the Annex 6.6 of this Report.

PMB has also continued to carry out several selective **ex-ante procurement checks**. In total 7 checks, including 3 in 2 pre-defined projects of Cultural Heritage Programme, 3 in 2 pre-defined projects of Climate Programme and 1 in the NGO Fund.

PMB issued only a few positive opinions without no objections, whereas almost in all cases PMB had objections which were eliminated by respective POs, agencies or PPs in due deadline. Thereby during repeated checks PMB was able to provide positive final opinions.

POs or agencies performed **ex-ante checks in several** procurements within projects, which were not covered by PMB. In total 10 checks, including 7 in 3 pre-defined projects of Cultural Heritage Programme, 3 in projects of Climate Programme (1 in 1 SGS's project and 2 in 2 OC's projects).

In most of the cases were no objections and all recommendations were eliminated by PPs before repeated checks took place. However in 1 pre-defined project of Cultural Heritage Programme PO opinion were negative due to infringement of principle of equal and fair treatment of the applicants, shortcomings identified in the procurement documentation and incorrect financial information.

Evaluations

An independent *Evaluation of the efficiency of FMs' implementation' system* (hereinafter – Evaluation) contracted by FP was completed. The aim of the evaluation was to perform an assessment of FMs' management system and programmes' complementarity. The Evaluation reviewed economy, efficiency and effectiveness of FMs' management system, identified programmes' complementarity and its complementarity with other foreign financial sources. FP, POs, agencies and PPs were interviewed and participated in survey during the Evaluation. The Evaluation essentially recognized that FMs' management structure and functions of involved

institutions have facilitated to the timely achievement of set objectives and results. In general FMs' requirements (at donor states' and national level) have not created additional administrative burden (with some exceptions, for example, reporting on the irregularities as there is not set threshold). An expected results and benefits exceed the necessary resources and made investments in the implementation of FMs' requirements. An Executive summary of the Evaluation is attached as Annex 6.11 of this Report.

In result of the Evaluation there have been listed 25 recommendations for improvements in FMs' implementation system, 10 of them were at the strategic level, but 15 – technical. FP has prepared *Recommendations implementation follow up plan* in order to ensure that relevant and applicable recommendations are taken into consideration in the next FMs 2014-2021 period. In order to implement recommendations FP submitted to FMO according official comments on next FMs 2014-2021 period Regulation's draft (8 July 2016). Already 14 recommendations are implemented (for example, according to donor states' Regulation in the next period there will be no Monitoring Committee and at project level a threshold for the irregularities' reporting are set) or closed as recommendation was acknowledged as not outstanding (for, example, as according to donor states' Regulation in the next period the two level (at FP and POs) MCS and reporting at POs level (Annual Programme Reports) and at FP's level (Strategic Reports) are kept). All rest recommendations will be implemented within the setting of the next FMs period's implantation and management system.

The programmes' ex-post evaluations' process has started. It was agreed that every PO will make an ex-post evaluation of its programme, thus ensuring a deeper impact evaluation for each specific intervention depending on the programme specifics and structure. After completion of all 7 ex-post evaluations, FP will provide overall analysis and prepare a summary of the ex-post evaluations, analyzing programmes outcomes' impact on achievement of FMs' objectives – to contribute to the reduction of economic and social disparities in EEA and to strengthen bilateral relations between the donor states and BS. FP together with POs have established a timetable for the ex-post evaluations for 2017 (including all stages – from drafting a terms of reference till evaluation report). It is planned that all programmes' ex-post evaluations will be performed by November, 2017. As the NGO Fund is the first programme to be completed by April 2017, an ex-post evaluation's report will be available in March 2017, thus evaluations' results will be reflected in the Final Strategic Report.

4.4 Information and publicity

All communication measures and activities have been implemented in accordance with the Communication Strategy and communication plans for the programmes.

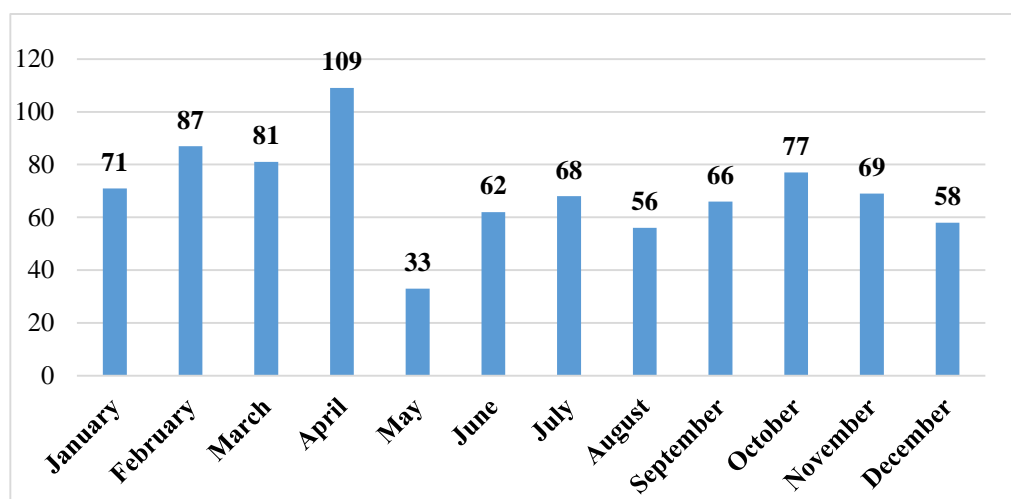
Two meetings of the Communication Management Group have been held where FP, Embassy and POs discussed news and the best practises in the communication field, considered publicity-related issues, shared experience and ideas for further events.

FP has distributed information (more than 31 press release and 6 project stories) in the mass media, social media (twitter account @Finmin) and specific list of other recipients. FP also has updated and published the information (press releases, short news, photos and videos) on the websites of FMs www.eeagrants.lv and www.norwaygrants.lv. POs have informed media about their activities and project implementation progress as well as published information about topical issues on their websites and social media.

In 2016, the number of unique visitors to the website www.eeagrants.lv and www.norwaygrants.lv reached 1 236, comparing to 2015 growth is per 141 unique visitor higher. More than half of them (77.6%) were new users. The amount of returning visitors reached 22.4%. Average stay on page was 2 minutes.

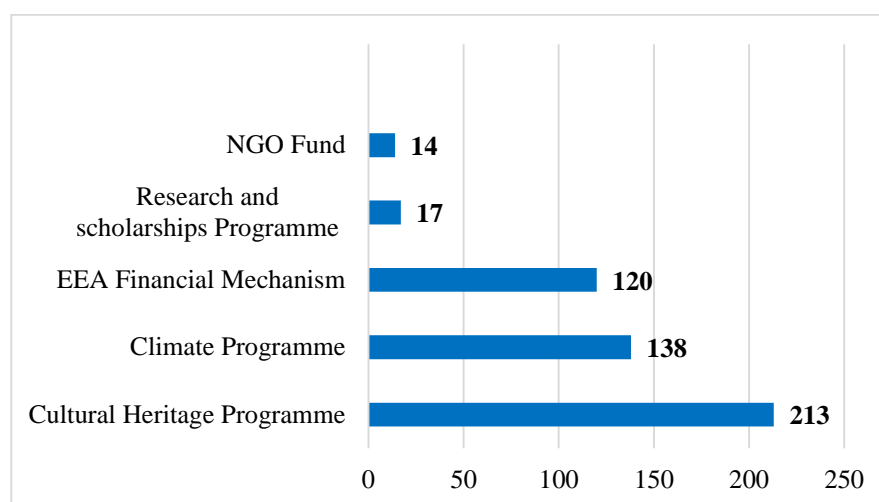
Results of information and publicity activities were reflected in the media monitoring of 2016 as well. In total, there have been 502 publications/broadcasts during the year in the Latvian press, radio, TV and on the Internet about the FM, programmes and implemented measures and projects. The highest level of publicity was in February and April.

Chart 7 Number of publications/broadcasts per month in 2016



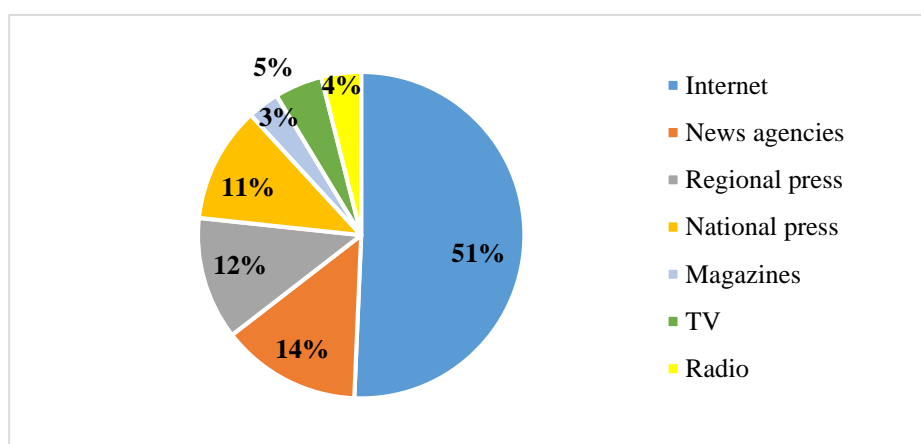
Out of all keywords, between January and December the broadest publicity was achieved by the reflection on activities of the Cultural Heritage Programme, Climate Programme as well as the EEA FM, which can be explained with the completion of the programmes' projects, who attract a wide publicity. For example, the museums' openings after reconstruction works within Cultural Heritage programme.

Chart 8 Number of publications/broadcasts per keywords in 2016



In the analysis period FMs, as well as related topics were reflected most often by the online media or on the Internet – 450 publications. News agencies had 123 publications, regional press – 108 publications, national press – 102 publications, magazines – 28 publications, TV – 42 broadcasts, but radio – 35 broadcasts.

Chart 9 Number of publications/broadcasts per media type in 2016



Looking back at the achievements at programme`s level, within **Climate Programme** 6 out of 7 OC projects and all 18 SGS projects held projects` final conferences. On 22nd April a public discussion “*The future of Latvia in the new climate reality*” was organized. The discussion was broadcasted live to PO`s webpage where it attracted almost 3 000 viewers. During first half of year, 3 TV stories about Programme implementation and PDP, OC projects and SGS projects emphasizing results of the projects were broadcasted.

On 13th-16th October PO participated in an international exhibition “*Environment and Energy*”, which goal was to inform about climate policy, climate change mitigation and adaptation as well as support opportunities for climate change initiatives. In total 22 432 visitors attended exhibition.



A public discussion “The future of Latvia in the new climate reality” in April

Within the **NGO fund** main publicity event was the participation in conversation festival LAMPA. LAMPA is the only festival and national level event in Latvia that is focused on active society involvement in social and political processes. PO in cooperation with Embassy and together with five non-governmental organizations presented the project results.



The participation in conversation festival LAMPA in July

Within **Cultural Heritage Programme** the opening ceremonies of 5 project objects have earned a wide resonance, thus promoting EEA FM, its contribution to various areas of culture in Latvia, as well as to the socio-economic development of Latvia.



The opening of the Green Synagogue of Rezekne in January

In September, there were three focus group discussions held. The seminar “*Restoration Process and Sustainable Use in Historic Sites*” (with 107 participants present and others listening live) and the conference “*Restart Museum*” (with 158 participants present) promoted the values and objectives of the Programme, as well as informed the society about the existing cooperation between Latvia and donor states.

In October within **Research and scholarships Programme** the Mid-term result review conference was organized. Results was disseminated to wide audience of stakeholders from Latvia, Norway, Poland, Lithuania, the Czech Republic and Hungary.



The Mid-term result review conference in October

In February 18 projects [Interactive map](#) was created and published at the website. [Video](#) for result dissemination purposes was created.

On 31st June to 1st July, 2017 the final FMs` Closing Publicity event is planned organized by FP in close cooperation with Embassy and POs. It is conceived to put the event on platform of conversation festival [LAMPA](#). The LAMPA conversation festival celebrates democratic culture and it is focused on active society involvement in social and political processes. Festival was inspired by similar democracy festivals in Denmark, Sweden and Estonia. It is planned to show the main results achieved in FMs. All POs will participate in festival contributing either with discussions about themes that are essential in context of FM`s priorities, either with actual displayable results. Meanwhile all POs will have their own programme closing events during the year 2017.

4.5 Work plan

Since progress of January 2016-March 2017 is already included in this report, please see the work plan for the period April-December 2017 below:

Table 4 Work plan for 2017

Scope	Task	Apr-Jun	Jul-Sep	Oct-Dec
Programme closure	Finalization of project`s implementation (verification of final project report, verification of expenditure, on-spot checks)	all	LV02 LV04 LV05	LV02 LV04 LV05
	Programme ex-post evaluation	n/a	LV04 LV05	LV02
International cooperation	Bilateral conferences/events activities	LV02 LV04 LV05	LV02 LV04 LV05	LV02 LV04 LV05
	Implementation of Complementary Actions	LV02 LV03 LV04	LV02 LV04	n/a
	CC meetings		LV02 LV04	LV02 LV05
Information and publicity	FP and all PO`s communicate with media (press releases, interviews, social media etc.) and create/modify/update websites about programmes` events, pre-defined projects, project`s results etc. on regular basis	all	LV02 LV04 LV05	LV02 LV04 LV05
	PO`s create promotion materials	LV02 LV03	LV04	LV05
	Programme`s closure events	LV02	LV04 LV05	x
	FP provides ongoing media monitoring	x	x	x
	FP organized FM`s closing publicity event	x	x	

5. Summary listing of issues and recommendations

Within the reporting period implementation of **all programmes was ongoing**. Remarkable progress was achieved in all 7 programmes at output level, as they were overachieved by **65%**. Comparing to 2015 the total amount of disbursements grew by **51%**, that is, from 22 M EUR in 2015 to **43.1 M EUR in 2016** or 64% of available FMs financing.

NGO fund's projects were one of first projects which completed on 30 April 2016 and showed significant progress in growth of number of NGOs' members, NGOs involved in cooperation networks on regional, national or international level and measures taken by the NGOs together with regional and national institutions. No doubt that the provided extension for 58 projects in 6 programmes beyond April 2016 had already helped to reach greater programmes' results than initially expected.

Donor partnerships are ongoing in all programmes – both at programme and at project level, thus covering all programme areas selected for implementation in Latvia. Within the reporting period several instruments to strengthen bilateral relations were used. From PBFs bilateral cooperation was fostered between POs and DPPs as well as between PPs and donor project partners. We can be proud of the fact that 37% of FMs projects have partners from donor states. In 2016 both planned activities under the NBF were successfully implemented, showing that Norwegian expertise is valuable for internal audit and good governance practice and was a good occasion to mark the 25th anniversary of Nordic-Baltic cooperation.

Main tasks for 2017 would be to finalize last projects, to organize closing event for FMs, to share information about main projects'/programmes' achievements and to continue reporting on the progress, including on evaluation of impact of all projects' results on the achievement of programmes' outcomes/outputs and FMs overall objectives.

Comparing to previous reporting period, identified risks at national and programmes' level remained the same or decreased due to prolongation of programmes/projects and effectively maintained risks' control measures. All 3 main identified risks are at low level: 1) incomplete achievement of programmes' outcomes according to donor states' deadline (cohesion); 2) insufficient absorption of the PBFs (bilateral); and 3) corruption risk and conflicts of interest (operational). FP has elaborated **risk mitigation actions** and will continue to ensure regular monitoring of the national and programmes' level risks (especially in the high risk programmes) and will request further actions from the involved institutions.

6. Attachments to the Strategic Report

Annex 6.1 Applications received, selected and contracted for each programme

Applications for LV02 National Climate Policy

	2014			2015			2016			Total		
Calls for proposals	Received	Partner-ship	Projects Contracted	Received	Partner-ship	Projects Contracted	Received	Partner-ship	Projects Contracted	Received	Partner-ship	Projects Contracted
Predefined in MoU			2									2
1 Capacity Building in the Field of Research and Measures for Enhancing Society`s Understanding about Climate Change and its Consequences	63	32	0	0	0	18	0	0	0	63	32	18
2 Emission reduction technologies including renewable energy, sustainable buildings and technology development	23	7	0	0	0	7	0	0	0	23	7	7
Total	86	39	2	0	0	25	0	0	0	86	39	27

Open call related outcomes:

- Developed strategies and measures for adapting to a changing climate

Predefined project measures:

- Capacity-building
- Information and awareness raising
- Research

Applications for LV03 NGO fund

	2012	2013			2014			2015			Total		
Calls for proposals	Contracted	Received	Partnership	Contracted	Received	Partnership	Contracted	Received	Partnership	Contracted	Received	Partnership	Contracted
Predefined in Programme Proposal	1												1
1 OC number 1: NGO Activity Support Measure - Active citizenship fostered (2 stages)		206	9	76	0	0	2	0	0	0	206	9	78
10 OC number 10 (NGO Project Measure (democratic)- 2nd call, microprojects (1 stage)		0	0	0	30	0	2	0	0	0	30	0	2
11 OC number 11 (NGO Project Measure (democratic)- 3rd call, microprojects (1 stage)		0	0	0	0	0	0	35	3	3	35	3	3
2 OC number 2: NGO Project Measure - microprojects (Provision of welfare) - 1st call (1 stage)		116	0	20	0	0	0	0	0	0	116	0	20
3 OC number 3: NGO Project Measure - medium and macro projects (Provision of welfare) - 1st call (2 stages)		182	23	35	0	0	0	0	0	0	182	23	35
4 OC number 4 (NGO Project Measure (welfare)- 2nd call, medium and macro projects (2 stages)		131	13	0	131	29	24	0	0	0	262	42	24
5 OC number 5 (NGO Project Measure (welfare)- 2nd call, microprojects (1 stage)		0	0	0	108	0	13	0	0	0	108	0	13
6 OC number 6 (NGO Project Measure (welfare)- 3rd call, microprojects (1 stage)		0	0	0	0	0	0	110	5	15	110	5	15
7 OC number 7: NGO Project Measure - microprojects (Democratic values) - 1st call (1 stage)		32	0	4	0	0	0	0	0	0	32	0	4
8 OC number 8: NGO Project Measure - medium and macro projects (Democratic values) - 1st call (2 stages)		52	4	8	0	0	0	0	0	0	52	4	8
9 OC number 9 (NGO Project Measure (democratic)- 2nd call, medium and macro projects (2 stages)		40	2	0	40	6	5	0	0	0	80	8	5
Total	1	759	51	143	309	35	46	145	8	18	1213	94	208

Open call related outcomes:

- Active citizenship fostered
- Democratic values, including human rights, promoted
- Provision of welfare and basic services to defined target groups increased

Predefined project measures:

- Advocacy
- Information and awareness raising
- NGO - Public coalition building

Applications for LV04 Conservation and Revitalisation of Cultural and Natural Heritage

	2013			2014			2015			Total		
Calls for proposals	Received	Partner-ship	Projects Contracted	Received	Partner-ship	Projects Contracted	Received	Partner-ship	Projects Contracted	Received	Partner-ship	Projects Contracted
Predefined in MoU			5									5
1 OC for preservation of cultural heritage	27	8	0	0	0	5	0	0	0	27	8	5
2 OC for SGS for the cultural exchange No.1	38	37	0	0	0	8	0	0	0	38	37	8
3 OC for SGS for the cultural exchange No.2	0	0	0	0	0	0	0	0	0	0	0	0
Total	65	45	5	0	0	13	0	0	0	65	45	18

Open call related outcomes:

- Cultural heritage restored, renovated and protected
- Contemporary art and culture presented and reaching a broader audience

Predefined project measures:

- Capacity-building
- Education and training
- Infrastructure development and provision of equipment
- Provision of services

Applications for LV05 Research and scholarships

	2014			2015			Total		
Calls for proposals	Received	Partnership	Projects Contracted	Received	Partnership	Projects Contracted	Received	Partnership	Projects Contracted
Bilateral Research Cooperation	73	73	0	0	0	11	73	73	11
Scholarships	0	0	0	33	33	28	33	33	28
Total	73	73	0	33	33	39	106	106	39

Open call related outcomes:

- Increased higher education student and staff mobility between Beneficiary and EEA EFTA States
- Increased research cooperation between Norway and the Beneficiary States
- Strengthened research capacity in the Beneficiary States and increased application of research results through research cooperation between Norway and the Beneficiary States
- Increased higher education student and staff mobility between Beneficiary States and Norway

Bilateral Calls for Proposals

	2014			2015			Total		
Calls for proposals	Received	Partnership	Projects Contracted	Received	Partnership	Projects Contracted	Received	Partnership	Projects Contracted
Preparatory visits	11	0	10	44	0	41	55	0	51
Total	11	0	10	44	0	41	55	0	51

Open call related outcomes:

- Increased research cooperation between Norway and the BS
- Strengthened research capacity in the BS and increased application of research results through research cooperation between Norway and the BS

Annex 6.2 Donor partnership projects in each programme

LV02 - National Climate Policy

Project id	Project Name	Pre-defined project	Donor state	Donor project partner	Type of organisation
LV02-0001	Development of Proposal for National Adaptation Strategy, Including Identification of Scientific Data, Measures for Adapting to Changing Climate, Impact and Cost Evaluation	Yes	Norway	Norwegian Directorate for Civil Protection (DSB)	National agency
LV02-0002	Development of the National System for Greenhouse Gas Inventory and Reporting on Policies, Measures and Projections	Yes	Norway	Norwegian Environment Agency	National agency
LV02-0003	Climate education for all	No	Norway	Grid-Arendal	Foundation
LV02-0004	Energy efficiency measures in the business support centre - library "Sala" of Aloja county	No	Norway	Våler district council	Regional or local authority
LV02-0006	Development and organization of training courses for professional audiences about prevention of climate changes and reduction of Greenhouse Gases using Renewable Energy Sources	No	Norway	Norsk Energi	Small or medium sized enterprise (SME)
LV02-0007	Adazi Free Waldorf School Gyms Construction	No	Norway	Solenergi Fusen AS	Small or medium sized enterprise (SME)
LV02-0011	Increasing capacity of electronic materials about climate changes in rural areas	No	Norway	Innovation circle network	Other type of NGO
LV02-0012	Climate Change in Latvia – an Opportunity and a Challenge?	No	Norway	Grid-Arendal	Foundation
LV02-0013	Promotion of E-mobility in Latvia for Climate Change Mitigation	No	Norway	Enmira as	Small or medium sized enterprise (SME)
LV02-0014	Green Mission: Climate	No	Norway	International Development Norway AS	Small or medium sized enterprise (SME)
LV02-0015	The promotion of the knowledge and insight of the climate change caused by such anthropogenic processes as waste and wastewater management	No	Norway	Norwegian Institute for Air Research	University, college or other teaching institution, research institute or think-tank
LV02-0016	Promoting sustainable environmental management policies for the SME sector	No	Norway	Ostfold University College	University, college or other teaching institution, research institute or think-tank
LV02-0017	Development of a training course and study program module „Socio-economic aspects of the climate technology for bioeconomy sector”	No	Norway	University of Bergen	University, college or other teaching institution, research institute or think-tank
LV02-0018	Development of bioeconomical model for sustainable	No	Norway	University of Bergen	University, college or other

Project id	Project Name	Pre-defined project	Donor state	Donor project partner	Type of organisation
	use of biological resources in order to reduce climate changes and improve adaptation capacity (BIO-CLIMATE)				teaching institution, research institute or think-tank
LV02-0021	Training on climate and energy management issues for municipalities and different industries	No	Norway	Ostfold University College	University, college or other teaching institution, research institute or think-tank
LV02-0023	Research "Regional strategy on reduction of green-house gas emissions from buildings in largest cities in Kurzeme Planning region, using satellite imaging and state-of-the-art thermal auditing technologies"	No	Norway	International Development Norway AS	Small or medium sized enterprise (SME)
LV02-0024	New building of Science and Technology Museum "Kurzeme Demo Centre"	No	Norway	International Development Norway AS	Small or medium sized enterprise (SME)
LV02-0025	Renovation impact on climate change and energy efficiency habits of residents	No	Norway	The Community-Based Natural Resource Management Network	Other type of NGO
LV02-0026	Energy Efficient Measures for Sustainable Buildings in Jelgava	No	Norway	Inland Norway Energy Agency	Other type of NGO
LV02-0027	The language of climate	No	Norway	Norwegian Institute of Bioeconomy Research	National agency
Projects with donor project partners 20 out of 27 (74.1%)			Planned grant amount for projects with donor project partners € 7,647,033		

LV03 - NGO fund

Project id	Project Name	Pre-defined project	Donor state	Donor project partner	Type of organisation
LV03-0039	Democratic Study Circles	No	Norway	Norwegian Association for Adult Learning	Umbrella organization / Network of NGOs
LV03-0060	Regular Latvian Red Cross operation in the field of human rights and anti-discrimination	No	Norway	NGO 'Norwegian Red Cross'	Other type of NGO
LV03-0075	Promoting security for youth in alternative care	No	Norway	Association SOS Children's Villages Norway	Service provision organization (NGO)
LV03-0089	READY - Reintegration and Education Actions for Demanding Youth	No	Norway	TroNett	Other type of NGO
LV03-0092	Traditional values and new skills - for sustainable development of society	No	Norway	Camphill Village Trust of Norway	Other type of NGO
LV03-0094	Voluntary social work as base for the better quality of life	No	Norway	NGO 'Norwegian Red Cross'	Other type of NGO

Project id	Project Name	Pre-defined project	Donor state	Donor project partner	Type of organisation
LV03-0095	Empowering National Youth Council of Latvia “LJP 2.0”	No	Norway	The Norwegian Children and Youth Council	Advocacy organization (NGO)
LV03-0097	Be active and get involved!	No	Norway	Norwegian Association of the Blind	Advocacy organization (NGO)
LV03-0098	Raising a child non-violently!	No	Iceland	Blatt afram - prevention of sexual abuse of children	Other type of NGO
LV03-0099	Let's Open a World for Opportunities and Skills	No	Norway	Association Latvian Society in Norway	Other type of NGO
LV03-0100	Center for early childhood development of children with disabilities	No	Iceland	NGO Cerebral Palsy Island	Other type of NGO
LV03-0101	Together in society	No	Norway	The Foundation 'Sound of Happiness Competence Centre'	Other type of NGO
LV03-0102	Mechanisms of social integration for children and youth with special needs	No	Norway	Pedverket Kompetanse	University, college or other teaching institution, research institute or think-tank
LV03-0103	We live together in our country	No	Norway	NGO 'Norwegian Red Cross'	Other type of NGO
LV03-0105	The Reducing of Social Exclusion and Invalidisation of Children with Autism and Autistic Spectrum Disorders	No	Norway	Foundation Nordic-Baltic Organisation for Professionals Working with Children and Adolescents	Foundation
LV03-0107	The development of supporting measures to include families with children who are at risk of social exclusion	No	Norway	Association SOS Children's Villages Norway	Service provision organization (NGO)
LV03-0109	WORK is LIFE	No	Iceland	NGO Workshop Ortaekni of the Organization of Disabled in Iceland	Other type of NGO
LV03-0121	Integration incubator to support Roma children and youth	No	Norway	Pedverket Kompetanse	University, college or other teaching institution, research institute or think-tank
LV03-0124	Salutogenesis – important method for active support and successful social integration into society of children and young people with special needs	No	Norway	Research Centre for Health Promotion and Resources HiST/NTNU (the Centre) - research unit co owned	Regional or local authority
LV03-0134	Inclusion of Animal therapy into the social rehabilitation of abused children	No	Norway	EKT Rideskole og Husdyrpark AS	Service provision organization (NGO)
LV03-0142	Promoting social inclusion of men who have intimate relations with men (MSM) by improving access and quality of health care services	No	Norway	Gay and Lesbian Health Norway	Advocacy organization (NGO)

Project id	Project Name	Pre-defined project	Donor state	Donor project partner	Type of organisation
LV03-0143	Providing sustainable environment for psycho-social rehabilitation for cancer patients implementation in Latvia	No	Norway	Montebello Centre	Other type of NGO
LV03-0165	SAFE HERE – innovative community programs against current violent actions	No	Norway	Stine Sofies Stiftelse	Other type of NGO
LV03-0166	Family care - secure base for development of children	No	Norway	Linnea Kompetansesenter	Other type of NGO
LV03-0168	Integration of long-term patients into the job market by providing ICT skills acquisition	No	Norway	Norwegian University of Science and Technology	University, college or other teaching institution, research institute or think-tank
LV03-0174	Diversity as a resource for education and community development	No	Norway	The National Centre for Multicultural Education	University, college or other teaching institution, research institute or think-tank
LV03-0176	UCAN do that 2!	No	Norway	Change the World	Community-based Organization (NGO)
LV03-0180	Innovative solutions for accessible – socially inclusive product of tourism development in Latvian municipalities	No	Norway	Stop discrimination	Foundation
LV03-0181	Another Latvia	No	Norway	Drobak municipality	Regional or local authority
LV03-0182	Universal Design for the Future	No	Norway	Norwegian Association of the Blind	Advocacy organization (NGO)
LV03-0185	Development of Social Rehabilitation Services of Latvian Diabetes Federation	No	Norway	Norwegian Diabetes Association	Other type of NGO
LV03-0197	Step towards children and young people with special needs	No	Norway	Pedverket Kompetanse	University, college or other teaching institution, research institute or think-tank
LV03-0203	Improvement of the support system for Roma children and young people	No	Norway	Pedverket Kompetanse	University, college or other teaching institution, research institute or think-tank
Projects with donor project partners 33 out of 210 (15.7%)			Planned grant amount for projects with donor project partners € 2,254,579		

LV04 - Conservation and Revitalisation of Cultural and Natural Heritage

Project id	Project Name	Pre-defined project	Donor state	Donor project partner	Type of organisation
LV04-0003	Restoration of Rezekne Green Synagogue including development of wooden architecture centre and exposition of Jewish culture heritage	Yes	Norway	Sam Eyde upper secondary school	University, college or other teaching institution, research institute or think-tank
LV04-0004	Restoration of the Museum of Rainis and Aspazija	Yes	Norway	Association of Lillehammer museums: The Museums Aulestad, Bjerkebæk, Norwegian Olympic Museum and the Postal Museum	National agency
LV04-0005	Riga Art Nouveau Centre: digitisation of cultural heritage and development of a Virtual Museum	Yes	Norway	The Art Nouveau Centre of Norway	Other
LV04-0006	Restoration of Eleja Manor Premises	No	Norway	The Norwegian Institute for Cultural Heritage Research	University, college or other teaching institution, research institute or think-tank
LV04-0007	Restoration of Kuldiga Old Town Hall and Improvement of Quality and Accessibility of its Culture Services	No	Norway	Akershus Restoration centre	Other
LV04-0008	Life in Motion	No	Norway	Bergen International Film Festival (BIFF)	Small or medium sized enterprise (SME)
LV04-0009	Conservation of Cesis Medieval castle for regional socioeconomic development	No	Norway	Ostfold County	Regional or local authority
LV04-0010	Experimental music lighthouses: Riga-Tromsø	No	Norway	Foreningen Insomnia Festival	Other
LV04-0011	Environment manufactures	No	Norway	Frogn Municipality Department of Culture	Regional or local authority
			Iceland	Youth centre 'Hitt Husitt' Department of Culture	Other type of NGO
LV04-0012	Dance in Nature 2014	No	Norway	Siri & Snelle Produksjoner	Other type of NGO
LV04-0013	Latvia - Norway: discover Folk Tradition in Music	No	Norway	Nesttun String Orchestra	Other
LV04-0014	NORTH Creative Network - for open innovation and cultural exchange	No	Iceland	Association for electronic arts 'Lorna'	Other type of NGO
			Norway	i/o/lab-Center for future arts	Other type of NGO
			Norway	Piksel Produksjoner Ltd.	Micro-enterprise
LV04-0015	Joik & Daina	No	Norway	Foreningen Isogaisa	Other type of NGO
LV04-0016	450 years together. Jewish culture in Latvian environment – arts, music, education	No	Norway	Oslo Jewish Museum/ Stiftelsen Jødisk Museum i	National agency

Project id	Project Name	Pre-defined project	Donor state	Donor project partner	Type of organisation
				Oslo	
LV04-0017	Restoration of the Great synagogue of Ludza and revival of Jewish spiritual heritage	No	Norway	The foundation Museums Centre in Hordaland	Other
LV04-0018	Restoration of the Museum of Jānis Akuraters	No	Norway	Association of Lillehammer museums:The Museums Aulestad, Bjerkebæk, Norwegian Olympic Museum and the Postal Museum	National agency
LV04-0019	Various Forms of Archives. Archive of Contemporary Art. Research, Exhibition and Symposium.	No	Iceland	The Living Art Museum	Other
LV04-0020	Film programme exchange between Riga International Film festival and Kristiansand International Children's Film festival	No	Norway	Kristiansanad International Children's Film festival, Barnefilmfestivalen AS	Other type of NGO
LV04-0021	Regions. Art. Nature.	No	Norway	Dansearena nord	Other type of NGO
			Iceland	Fé & Fjörvi	Other type of NGO
Projects with donor project partners 19 out of 21 (90.5%)			Planned grant amount for projects with donor project partners € 4,647,175		

LV05 - Research and scholarships

Project id	Project Name	Pre-defined project	Donor state	Donor project partner	Type of organisation
LV05-0001	Benefits and detrimental effects of sequence variants of Amyloid-β: towards the use of small peptides for aggregate dissolution therapy in dementia	No	Norway	University of Oslo	University, college or other teaching institution, research institute or think-tank
LV05-0002	Innovative approach to hull-less spring cereals and triticale use from human health perspective	No	Norway	Norwegian Institute of Bioeconomy Research	National agency
LV05-0003	Image-guided cancer gene therapy in combination with advanced chemotherapeutics	No	Norway	Oslo University Hospital	University, college or other teaching institution, research institute or think-tank
LV05-0004	Cancer-derived extracellular vesicles: function and clinical applications in prostate cancer	No	Norway	Oslo University Hospital	University, college or other teaching institution, research institute or think-tank
LV05-0005	Health and Social Indicators of Participation in Physical Activities for Children with Disabilities	No	Norway	Norwegian School of Sport Sciences	University, college or other teaching institution, research institute or think-tank

Project id	Project Name	Pre-defined project	Donor state	Donor project partner	Type of organisation
LV05-0006	EU Policies Impact to the Transformations of the Higher Education and Research System in Norway and Latvia	No	Norway	Nordic Institute for Studies in Innovation, Research and Education	University, college or other teaching institution, research institute or think-tank
LV05-0007	Establishing of the scientific capacity for the management of pharmaceutical products residues in the environment of Latvia and Norway	No	Norway	University of Oslo	University, college or other teaching institution, research institute or think-tank
LV05-0008	Gender, Culture and Power: Diversity and Interactions in Latvia and Norway	No	Norway	Center for Gender Research at the University of Oslo	University, college or other teaching institution, research institute or think-tank
LV05-0009	Technology transfer in the processing of mineral resources in earlier times	No	Norway	Museum of Cultural History, University of Oslo	Other
LV05-0010	Latvian language in monolingual and bilingual acquisition: tools, theories and applications	No	Norway	UiT The Arctic university of Norway, Tromsø University	University, college or other teaching institution, research institute or think-tank
			Norway	University of Oslo	University, college or other teaching institution, research institute or think-tank
LV05-0011	Rural Depopulation and the Governance of Education. Comparative Study of Latvia and Norway	No	Norway	Norwegian Institute for Urban and Regional Research (NIBR)	University, college or other teaching institution, research institute or think-tank
LV05-0012	Economics and Management Student and Teacher Mobility between University of Latvia and University of Agder	No	Norway	Universitetet i Agder	University, college or other teaching institution, research institute or think-tank
LV05-0013	Research-based Teaching of Language Acquisition (in synergy with Research activity project "Latvian language in Monolingual and Bilingual Acquisition: tools, theories and applications")	No	Norway	UiT The Arctic university of Norway, Tromsø University	University, college or other teaching institution, research institute or think-tank
LV05-0014	Strengthening and transferring the intellectual capital among geographers in Latvia and Norway	No	Norway	UiT The Arctic university of Norway, Tromsø University	University, college or other teaching institution, research institute or think-tank
			Norway	University of Bergen	University, college or other teaching institution, research institute or think-tank
LV05-0015	Mobility project between higher education institutions of Latvia and Norway in the field of art and design	No	Norway	Bergen Academy of Art and Design	University, college or other teaching institution, research institute or think-tank
			Norway	Oslo National Academy of the Arts (KHiO)	University, college or other teaching institution, research

Project id	Project Name	Pre-defined project	Donor state	Donor project partner	Type of organisation
					institute or think-tank
LV05-0016	RISEBA and University of Agder cooperation in students and staff mobility	No	Norway	Universitetet i Agder	University, college or other teaching institution, research institute or think-tank
LV05-0017	Innovative Physical Activity Measures in Health and Sport Science Studies	No	Norway	Norwegian School of Sport Sciences	University, college or other teaching institution, research institute or think-tank
LV05-0018	Mobility in political science and sociology	No	Norway	Oslo and Akershus University College of Applied Sciences	University, college or other teaching institution, research institute or think-tank
			Norway	Ostfold University College	University, college or other teaching institution, research institute or think-tank
LV05-0019	Capacity building organizing the scholarship activities for students and academic staff at the Riga Stradiņš University	No	Norway	University of Bergen	University, college or other teaching institution, research institute or think-tank
LV05-0020	Internationalization through Student and Academic Staff Mobility in Business Administration Programs	No	Norway	Telemark University College M4	University, college or other teaching institution, research institute or think-tank
LV05-0021	Mobility in the field of Architecture and Civil Engineering	No	Norway	Norwegian University of Life Sciences	University, college or other teaching institution, research institute or think-tank
LV05-0022	Enhancing human capital and knowledge in health science by institutional cooperation and mobility between the University of Latvia and three Norwegian universities	No	Norway	Norwegian University of Science and Technology	University, college or other teaching institution, research institute or think-tank
			Norway	University of Oslo	University, college or other teaching institution, research institute or think-tank
LV05-0023	Educational collaboration between Norway and Latvia for establishment of an effective risk assessment and control of pharmaceutical residues	No	Norway	University of Oslo	University, college or other teaching institution, research institute or think-tank
LV05-0024	Mobility of students and academic personnel of Life Sciences between Latvia and Norway	No	Norway	Institute of Basic Medical Science, University of Oslo	University, college or other teaching institution, research institute or think-tank
			Norway	University of Oslo, Institute of Clinical Medicine	University, college or other teaching institution, research institute or think-tank

Project id	Project Name	Pre-defined project	Donor state	Donor project partner	Type of organisation
LV05-0025	Educational for Sustainable Development	No	Norway	Lillehammer University College	University, college or other teaching institution, research institute or think-tank
LV05-0026	Building Bridges between Latvia and Norway in Higher Education in Chemistry	No	Norway	UiT The Arctic university of Norway, Tromsø University	University, college or other teaching institution, research institute or think-tank
LV05-0027	Student Mobility for Public Sector Innovation Research	No	Norway	Oslo and Akershus University College of Applied Sciences	University, college or other teaching institution, research institute or think-tank
LV05-0028	Mobility scholarships for academic staff and students to expand understanding about the digital media audiences	No	Norway	NLA University College Gimlekollen Gimlekollen School of Journalism and Communication	University, college or other teaching institution, research institute or think-tank
LV05-0029	Mobility in Language, Culture and Gender Studies	No	Norway	Center for Gender Research at the University of Oslo	University, college or other teaching institution, research institute or think-tank
			Norway	The Institute of Health and Society at the University of Oslo	University, college or other teaching institution, research institute or think-tank
			Norway	UiT The Arctic university of Norway, Tromsø University	University, college or other teaching institution, research institute or think-tank
			Iceland	University of Iceland	University, college or other teaching institution, research institute or think-tank
LV05-0030	Mobility in the field of Food Technology	No	Norway	Norwegian University of Life Sciences	University, college or other teaching institution, research institute or think-tank
LV05-0031	Mobility in the field of Information Technologies	No	Norway	Norwegian University of Life Sciences	University, college or other teaching institution, research institute or think-tank
LV05-0032	Mobility in the field of agriculture, forestry and veterinary medicine	No	Norway	Hedmark University College	University, college or other teaching institution, research institute or think-tank
LV05-0033	Innovation curricula, research and support – systematic approach within university context	No	Norway	University of Stavanger	University, college or other teaching institution, research institute or think-tank

Project id	Project Name	Pre-defined project	Donor state	Donor project partner	Type of organisation
LV05-0034	Student and Academic Staff Mobility within the EEA Grant Scholarship Activity (Architecture)	No	Liechtenstein	University of Liechtenstein	University, college or other teaching institution, research institute or think-tank
LV05-0035	Establishing of Scholarships for Language and Culture Studies in Latvia and Norway with the Focus on Studies of Monuments to Famous Persons and Their Testing for the Needs of Tourism	No	Norway	Buskerud and Vestfold University College	University, college or other teaching institution, research institute or think-tank
LV05-0036	Role of social and economic networks in territorial development	No	Iceland	University of Akureyri	University, college or other teaching institution, research institute or think-tank
LV05-0037	Student and Academic Staff Mobility within the EEA Grant Scholarship Activity (Mechanics)	No	Iceland	University of Iceland	University, college or other teaching institution, research institute or think-tank
LV05-0038	Student and Academic Staff Mobility within the EEA Grant Scholarship Activity (Information Technology)	No	Iceland	University of Iceland	University, college or other teaching institution, research institute or think-tank
			Liechtenstein	University of Liechtenstein	University, college or other teaching institution, research institute or think-tank
LV05-0039	Students` Mobility	No	Iceland	University of Akureyri	University, college or other teaching institution, research institute or think-tank
			Norway	Volda University College M4	University, college or other teaching institution, research institute or think-tank
Projects with donor project partners 39 out of 39 (100.0%)			Planned grant amount for projects with donor project partners € 4,932,533		

Annex 6.3 Donor partnership projects in Latvia

Latvia - Summary	
Project grant amount total	€ 77 638 505
Number of projects	344**
Number of projects with donor project partners	128**
Proportion of projects with donor project partners	37.21%
Number of programmes *	7
EEA and Norway grants committed	€ 67 094 749

** Excluding Technical assistance programmes and PA22*

*** Actual number of projects, excluding 10 terminated projects, is 334. 5 out of 10 terminated projects had a donor state partner, which means that actual number of projects with donor project partners is 123 and proportion of projects with donor project partners – 36.83%*

Annex 6.4 List of irregularities detected at programme level

Irregularity case	Irregularity status	Case opened	Case closed	Irregularity period	Followed up	Initial nature of irregularities	Amount of recovered funds	Grant amount reduced
IR-0044	Closed	30/05/14	08/08/14	2014Q1		deviation from programme agreement	84	72
IR-0060	Closed	21/08/14	06/11/14	2014Q2		deviation from programme agreement	806	685
IR-0070	Closed	24/11/14	05/12/14	2014Q3		deviation from programme agreement	356	356
IR-0071	Closed	24/11/14	09/12/14	2014Q3		deviation from programme agreement	312	312
IR-0101	Update	23/02/15		2014Q4	2016Q4	deviation from programme agreement	1 992	1 703
IR-0102	Closed	23/02/15	18/08/15	2014Q4		deviation from programme agreement	23	20
IR-0103	Closed	23/02/15	10/07/15	2014Q4		deviation from programme agreement	1 939	1 842
IR-0201	Closed	24/08/15	09/09/15	2015Q2		deviation from programme agreement	165	140
IR-0290	Closed	17/02/16	13/05/16	2015Q4		error in payment claim	46	39
IR-0293	Closed	17/02/16	13/05/16	2015Q4		deviation from programme agreement	313	297
IR-0358	Closed	30/05/16	05/08/16	2016Q1		error in payment claim	6 878	5 846
IR-0359	Closed	30/05/16	05/08/16	2016Q1		deviation from programme agreement	64	54
IR-0367	Closed	30/05/16	05/08/16	2016Q1		error in payment claim	2 581	2 323
IR-0621	In Review	28/02/17		2016Q4		deviation from programme agreement	893	759
Total							16 452	14 448

Annex 6.5 List of irregularities detected at project level

Irregularity case	Irregularity status	Case opened	Case closed	Irregularity period	Followed up	Initial nature of irregularities	Amount of recovered funds	Grant amount reduced
IR-0056	Closed	14/07/14	25/05/16	Immediate	2015Q4	deviation from programme agreement	10 794	10 254
IR-0095	Closed	23/02/15	10/04/15	2014Q4		deviation from project contract	1 467	1 247
IR-0097	Closed	23/02/15	31/08/15	2014Q4	2015Q2	deviation from project contract	13	12
IR-0098	Closed	23/02/15	05/10/15	2014Q4	2015Q2	deviation from project contract	24	21
IR-0099	Closed	23/02/15	05/10/15	2014Q4	2015Q2	deviation from project contract	183	164
IR-0100	Closed	23/02/15	31/08/15	2014Q4	2015Q2	deviation from project contract	3 260	2 934
IR-0167	Closed	29/05/15	31/08/15	2015Q1	2015Q2	deviation from project contract	288	273
IR-0168	Closed	29/05/15	02/10/15	2015Q1	2015Q2	deviation from project contract	5	5
IR-0169	Closed	29/05/15	26/11/15	2015Q1	2015Q2	deviation from project contract	446	423
IR-0202	Closed	24/08/15	21/12/15	2015Q2		deviation from project contract	10 968	10 420
IR-0263	Closed	30/11/15	02/12/15	2015Q3		deviation from project contract	4 923	4 677
IR-0264	Closed	30/11/15	02/12/15	2015Q3		deviation from project contract	116	111
IR-0265	Closed	30/11/15	09/12/15	2015Q3		deviation from project contract	51	49
IR-0291	Closed	17/02/16	13/05/16	2015Q4		error in payment claim	18	15
IR-0292	Closed	17/02/16	13/05/16	2015Q4		error in payment claim	18	15
IR-0294	Closed	17/02/16	13/05/16	2015Q4		deviation from project contract	2 740	2 603
IR-0295	Closed	17/02/16	13/05/16	2015Q4		deviation from project contract	208	198
IR-0296	Closed	17/02/16	13/05/16	2015Q4		deviation from project contract	30	28
IR-0297	Closed	17/02/16	13/05/16	2015Q4		deviation from project contract	447	425
IR-0298	Closed	17/02/16	13/05/16	2015Q4		deviation from project contract	9 812	9 322
IR-0299	Closed	17/02/16	13/05/16	2015Q4		deviation from project contract	11 084	10 530
IR-0345	Update	29/03/16		Immediate	2016Q4	fraud/corruption	41 462	39 389
IR-0368	Closed	30/05/16	09/08/16	2016Q1		deviation from project contract	1 108	997
IR-0369	Closed	30/05/16	09/08/16	2016Q1		deviation from project contract	317	285
IR-0500	Closed	30/08/16	28/11/16	2016Q2		deviation from project contract	730	657

Irregularity case	Irregularity status	Case opened	Case closed	Irregularity period	Followed up	Initial nature of irregularities	Amount of recovered funds	Grant amount reduced
IR-0501	Closed	30/08/16	28/11/16	2016Q2		deviation from project contract	401	361
IR-0503	Closed	30/08/16	28/11/16	2016Q2		deviation from project contract	2 216	1 995
IR-0506	Closed	30/08/16	29/11/16	2016Q2		deviation from public procurement procedures	1 280	1 216
IR-0552	Closed	30/11/16	28/02/17	2016Q3		deviation from project contract	6 218	5 907
IR-0622	In Review	28/02/17		2016Q4		deviation from project contract	144	128
IR-0623	In Review	28/02/17		2016Q4		deviation from project contract	1 971	1 774
IR-0624	In Review	28/02/17		2016Q4		deviation from project contract	670	603
IR-0625	In Review	28/02/17		2016Q4		deviation from project contract	4 509	4 058
IR-0631	In Review	28/02/17		2016Q4		deviation from project contract	2 991	2 841
IR-0633	In Review	28/02/17		2016Q4		deviation from project contract	144	122
Total							121 056	114 059

Annex 6.6 Monitoring and audit activities plan for 2017

No	Responsible Authority	Audit period	Audited system/ programme/ project
System audits at the level of BS according to the Article 4.6, Paragraph 1(a), of the Regulations			
1.	Audit Authority	I - II quarter	Irregularities' system at BS's level (on a sample basis).
System audits at the level of the programme according to the Article 4.6, Paragraph 1(b), of the Regulations			
2.	Audit Authority	IV quarter 2016 - I quarter 2017	MCS of Research and Scholarships Programme.
Projects audits according to the Article 4.6, Paragraph 1(c), of the Regulations			
3.	Audit Authority	I - III quarter	Projects which expenditures were reported in programmes' IFR#10-11 (on a sample basis).
Internal audits at programme level			
4.	Internal audit of MoES	I - II quarter	Assessment of execution of PO's functions on implementation of Research and Scholarships Programme.
5.	Internal audit of SIF	III quarter	Assessment of execution of PO's functions in project's completion and post - completion monitoring of NGO Fund.
On-spot checks			
6.	SRDA	I – II quarter	Verification of implementation progress and expenditures reported in projects' reports of Climate Programme's 2 OC's projects and 1 SGS's project.
7.	MoC	II - III quarter	Verification of implementation progress of Culture Heritage Programme's 2 pre-defined projects, compliance of projects' implementation in accordance with rules of programme and legal acts.
8.	MoES, SEDA	I - IV quarter	Verification of implementation progress of Research and Scholarships Programme to acquire assurance that all implementation work is done properly will be carried out only for high-risk rated projects if necessary.
Evaluations according to the Article 9.1., Paragraph 1, of the Regulations			
9.	MoEPRD /SRDA	II - IV quarter	Ex – post evaluation of Climate Programme.
10.	MoC	II - III quarter	Ex – post evaluation of Culture Heritage Programme.
11.	MoES, SEDA	II - III quarter	Ex – post evaluation of Research and Scholarships Programme.

Annex 6.7 Risk assessment

Annex 6.7.1 Risk assessment at the national level

No	Type of objective [1]	Description of risk	Likelihood [2]	Consequence [3]	Risk Score [4]	Mitigation actions done	Mitigation actions planned	Planned implementation date	Responsible department
1	Cohesion objective:	Not complete achievement of programmes' outcomes in donorstates' set deadline (except NGO Fund)	1	1	2	Regular monitoring of achieved programmes' outcomes as ensured by FP by performing the following activities: 1) biannual participation in programmes' CC meetings; 2) regular communication with FMO and Embassy, incl. biannual meetings on bilateral activities and publicity issues; 3) regular monitoring of planned and actual expenditures of each programme; 4) Biannually reporting to Latvian Government on the implementation progress of the Foreign Assistance (incl., the FMs); 5) regular communication with POs and agencies by phone/e-mails/letters/meetings; 6) close following to the updated programme implementation plans; 7) where necessary amending the PA.	In order to achieve planned programmes outcomes FP will: 1) Monitor all programmes, especially high risk programmes; 2) Participate in the programmes' CC meetings; 3) Closely cooperate with Embassy and FMO on actual issues related with programmes; 4) Ensure monitoring of planned and actual expenditures of each programme; 5) Report to Latvian Government on the implementation progress of the Foreign Assistance (incl., the FMs); 6) Communicate by phone/e-mails/letters with POs/agencies; 7) Organize meetings with POs/agencies.	1) On a regular basis; 2) Biannually; 3) On a regular basis; 4) Monthly; 5) Biannually; 6) On a regular basis; 7) When necessary.	EU Funds Monitoring Department
2	Bilateral objective:	Insufficient absorption of PBFs funding, especially within Innovation Programme and Climate Programme	1	3	4	1) Representatives of FP biannually participated in the programmes' CC meetings, in which one of the topic was regarding bilateral relations; 2) Representatives of FP, all POs/agencies and Embassy biannually participated in Communication Group's meetings, where the bilateral cooperation issues were discussed; 3) FP closely cooperated with the Embassy in order to solve issues related to enhancement of bilateral cooperation;	1) FP will participate in programmes' CC meetings; 2) FP, all POs and the Embassy will participate in Communication Group's meetings; 3) FP will closely cooperate with Embassy on issues related to implementation of FMs, including bilateral relations; 4) FP will analyze programmes' bilateral relations and its indicators carried out within elaboration of the	1) Biannually; 2) Biannually; 3) On a regular basis; 4) On 31 March, 2017 by submitting Strategic Report	EU Funds Monitoring Department

No	Type of objective [1]	Description of risk	Likelihood [2]	Consequence [3]	Risk Score [4]	Mitigation actions done	Mitigation actions planned	Planned implementation date	Responsible department
						4) FP in close cooperation with the POs regularly monitored the progress made towards achievement of the bilateral indicators of the programmes.	Strategic Report.		
3	Operational issues:	Corruption risk and conflicts of interest	1	1	2	1) FP has maintained Complaint Register according to suggested standard practice and taking into account a guide provided by the Transparency International. 2) MoF has developed, approved and updated the <i>Action plan for prevention of corruption defining actions</i> to be executed in the MoF to ensure proactive prevention of the corruption risk and conflict of interest (also affecting FMs); 3) Persons involved in management of the FMs are required to acknowledge lack of conflict of interest; 4) National and PMCS are regularly updated. MCSs describe duties for involved institutions and persons in management of the FMs, thus ensuring clear definition of roles and responsibilities.	1) Maintain Complaint Mechanism, including Complaint Register, regularly analyze complaints; 2) Collaborate with CPCB on any particular case related to corruption and conflict of interest issues in relation to FMs. 3) Analyze and reassess corruption risk and risk of conflict of interest within the Risk management group, update <i>Risk management strategy</i> for FMs according to the best practice. 4) FP will continue monitoring of all programmes;	1) On a regular basis; 2) When necessary 3) Yearly; 4) On a regular basis.	EU Funds Management and Control Department

[1] The risks should be categorized 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 objective, the bilateral objective, or is more of an operational issue, where 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

[4] For each risk, risk value is calculated by adding up likelihood and consequence. Risk value from 1 to 2 is acceptable, controls are recommended, but not mandatory, risk value from 3 to 4 is acceptable, but controls are obligatory. Risk value from 5 to 6 is non acceptable, controls and mitigation activities are obligatory, risk value from 7 to 8 is non acceptable, mitigation activities are obligatory before starting operations

Annex 6.7.2 Risk assessment at the programme level

Programme	Type of objective [1]	Description of risk	Likelihood [2]	Consequence[3]	Risk Score [4]	Mitigation actions done / planned
All programmes (horizontal risk), except NGO Fund	<i>Bilateral outcome (s)</i>	Lack of capacity and interest, limited number of donor states' partners willing to participate in PBF's activities	2	2	4	<p>2016 POs' in close cooperation with DPPs during CCs' meetings agreed on improvements and additional activities in PBF. All POs/agencies and Embassy biannually participated in FP's organised Communication Group meetings, where the bilateral cooperation issues were discussed. POs have initiated amendments in PAs/Programme Regulations in order to provide possibilities also for POs to receive PBF's financing and to implement bilateral measures on strategic/programme level.</p> <p>2017 Actions carried out in 2016 will be continued in 2017. If necessary, POs will organise informative events for potential PPs of PBF.</p>

Programme	Type of objective [1]	Description of risk	Likelihood [2]	Consequence [3]	Risk Score [4]	Mitigation actions done/ planned	Total risk score for the Programme [5]
LV04 Cultural Heritage Programme	<i>Cohesion (Programme) outcomes:</i>	Substantial risk in the non-achievement of results in the pre-defined project of Museum of Literature and Music (total project eligible costs – 4.9 M EUR or 42% of programme`s total funding)	3	4	7	<p>2016 Project implementation plan (determined by weeks) were elaborated and PO strictly supervised progress of their realisation in Project Monitoring Committee. PO improved procurement`s documentation after received appeal and re-announced procurement on construction works in Museum of Literature and Music`s project. In April the contract on restauration works was concluded, therefore risk was mitigated.</p> <p>2017 In January unexpected complications have raised due to discovered much worse conditions of building by the constructor. As a result it means that the project would not be completed until 30 April 2017. PO will continue to supervise strictly progress of fulfillment of implementation plan. PP and PO will ensure all necessary actions to speed up conclusion of new contract on restauration works in Museum of Literature and Music and finish restauration works as soon as technically possible.</p>	19
	<i>Operational issues:</i>	Insufficient capacity of human resources to ensure appropriate programme management (timely assessments, payments, elaboration of reports, etc.)	2	2	4	<p>2016 In order to ensure appropriate management of the programme after the programme approval, additional employees were attracted to ensure carrying out timely and qualitative fulfilment of PO functions regarding planning, monitoring and payment realisation. Five employees were attracted to carry out PO functions.</p> <p>2017 PO will attract additional stuff if it will be needed and do much as possible for reducing rotation of programme stuff by using social support system like health insurance, additional paid vacations etc.</p>	

Programme	Type of objective [1]	Description of risk	Likelihood [2]	Consequence [3]	Risk Score [4]	Mitigation actions done/ planned	Total risk score for the Programme [5]
		Infringement and errors of procurement procedures and breaches of procurement contracts' conditions	3	1	4	<p>2016 PO monitored projects' procurement plans. PO and PMB performed risk based regular ex-ante verifications of procurement documentation/process and provided consultations on public procurement issues. PO and PPs ensured strict supervision over procurement process: competent members in procurement commission were involved; for the assessment of specific offers specialists were attracted. PO ensured strict supervision over appropriate fulfillment of procurement agreements' conditions (conditions on contractual penalty were included; information exchange between the parties was maintained on a daily basis; regular meetings with development engineers on construction designs were taking place in construction projects).</p> <p>2017 All mitigation actions carried out in 2016 will be continued in 2017.</p>	
LV05 Research and Scholarships Programme	Operational issues:	PPs lack of understanding about projects' implementation conditions, which could result in leftovers	2	1	3	<p>2016 PO/agency elaborated guidelines for PPs on procedure of projects' contracts conclusion and modification and on projects' implementation. Agency ensured consultations for PPs during projects' contracting phase and regular monitoring of projects' implementation.</p> <p>2017 All mitigation actions carried out in 2016 will be continued in 2017.</p>	13
		Double financing in projects	2	1	3	<p>2016 PO/agency had set up internal procedures and established collaboration with other institutions involved in the administration of various financial instruments, including EU funds, on controlling the double funding during report checks as well as during on-the-spot checks.</p> <p>2017 PO/agency will continue to monitor double funding issue according to established procedures.</p>	
		Project promoters make profit using project results	1	2	3	<p>2016 PO/agency made update in the Programme Regulation and consulted PPs on proper understanding of profit making in the research projects, that is, research projects' results cannot be used for commercial purposes and, if so, then PPs</p>	

Programme	Type of objective [1]	Description of risk	Likelihood [2]	Consequence [3]	Risk Score [4]	Mitigation actions done/ planned	Total risk score for the Programme [5]
						shall reinvest profit in their primary activities, notably, in education, independent research and dissemination of research results. 2017 Agency will continue to consult PPs on the profit making topic, if necessary.	
LV02 Climate Programme	<i>Operational issues:</i>	Low understanding on climate adaptation and mitigation issues in general public	3	2	5	2016 SGS projects implemented by NGOs, municipal and educational institutions were aimed to increase understanding and knowledge on climate adaptation and mitigation issues of various target groups - pupils, students, entrepreneurs and representatives of state institutions and municipalities. Several universities integrated developed climate modules in their study courses, thus more students has an opportunity to improve knowledge on climate changes. In ADAPT pre-defined project the work was started on Climate change web portal which aim is to educate and to inform general public on climate issues. 2017 Climate change web portal will be completed and integration of educational programme's modules, study and learning courses will continue in 2017, thus more target groups will be educated on climate issues.	9
LV03 NGO Fund	<i>Operational issues:</i>	PPs don't reach target group to planned extent	2	1	3	2016 The output indicator "Number of people with improved access to innovative social services and measures" was not reached. PPs indicated that the project period and maximum funding for projects were not enough to create, to test and to use innovative service. 2017 All projects ended in April 2016.	3

[1] The risks should be categorised in one of 3 ways, depending on whether it poses a risk to the cohesion outcomes, the bilateral outcomes, 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.

[4] For each risk value is calculated by adding up likelihood and consequence. Risk value from 1 to 2 is acceptable, controls are recommended, but not mandatory, risk value from 3 to 4 is acceptable, but controls are obligatory. Risk value from 5 to 6 is non acceptable, controls and mitigation activities are obligatory, risk value from 7 to 8 is non acceptable, mitigation activities are obligatory before starting operations.

[5] Total risk score for the Programme is calculated adding up all relevant risk scores for each Programme, including defined Programme Horizontal risks (if applicable). Programme risk levels are set in 3 categories and principle of "Colors of signal lights" is used – **Low** (total risk score from 0-12); **Medium** (total risk score from 13-18) and **High** (total risk score from 19)

Annex 6.8 Annual Report 2016 under the TAF Agreement

1. OVERVIEW OF MAIN ACTIVITIES

National entities	A brief summary of the main activities carried out		
1.National Focal Point	<p>Management and monitoring of FMs.</p> <p>Participated in FMO's organized EEA and Norway Grants seminar for NFP's held in Brussels in May and NFMs experience sharing workshop of the Decent Work Programme held in Warsaw in March</p> <p>Participated in CC meetings: 1) Research and Scholarships Programme in February in Oslo and Bergen; 2) Correctional Services Reform Programme in March in Stavanger; 3) Innovation Programme in May in Bergen; 4) Cultural Heritage Programme in November in Oslo; and also in Innovation Programme's experience exchange visit in June in Tallin; in Research and Scholarships Programme's seminars in June and September in Brussels and Bergen; and in NGO Fund Programme's experience exchange visit "Strengthening of the Democracy" in October in Reykjavik.</p> <p>Performed evaluation of the EEA/NFMs system.</p> <p>Organized Annual Meeting in Riga in June.</p> <p>Maintained websites www.eeagrants.lv and www.norwaygrants.lv.</p> <p>Distributed information (press releases) in the mass media, social media (twitter.com) and for specific list of other recipients; updated and published the information (press releases and short news) on these websites.</p> <p>Performed media monitoring of the FMs.</p> <p>Submitted the IFRs # 13 -15 to FMO.</p>		
2.Certifying Authority	Participation in elaboration of amendments in legal documents, guidelines and system description, update of the internal procedures to ensure responsibilities of the CA, verification and certification of the projects' interim/final financial reports, analysis of the auditors' reports, preparation and submission of the forecast of likely payment applications.		
3.Audit Authority	1.	MCS audits	<p>Assessed the effective functioning of the MCS at the level of individual programmes by performing three system audits (two system audits are fully concluded and for one system audit the audit work is mostly completed and the draft report is in progress):</p> <ul style="list-style-type: none"> • audit on the Operational Effectiveness of MCS established for Cultural Heritage Programme in MoC; • system audit performed and the final audit report prepared regarding Correctional Services Reform Programme; • audit on the Operational Effectiveness of MCS of the FMs established for Research and Scholarships Programme in MoES and SEDA (audit work is mostly completed and the draft report is in progress). <p>One follow-up audit on the Operational Effectiveness of MCS of NFMs established for Innovation Programme in MoE and LIDA.</p>
	2.	Project audits	<p>Assessed the expenditures which were incurred and certified during the period from 01.01.2015 to 31.12.2015. One project audit was carried out covering 7 projects in total, from which:</p> <ul style="list-style-type: none"> • 2 were from Cultural Heritage Programme; • 1 was from Innovation Programme; • 1 was from Capacity-Building Programme; • 3 was from Correctional Services Reform Programme. <p>Project audits have been carried out from 02.06.2016. to 30.12.2016.</p>
	3.	AAR and Opinion	AAR and Opinion for the reference period from 01.07.2015 to 30.06.2016 were submitted to FMO on 30.12.2016.

	4.	Expert consultations	Several consultations received from the experts: 1) 1 consultation regarding legal services and 2) 4 consultations regarding construction works.
4. Other entities (Procurement Monitoring Bureau)	Carried out: 1) ex-ante checks of 18 procurement procedures and made 36 conclusions (19 positive conclusions, 16 conclusions with objections and 1 negative conclusion) and 2) carried out ex-post checks of 13 procurement procedures, which were verified previously by 7 POs involved in programmes management.		
5. Entity responsible for irregularity reporting	All irregularities received from PO, CA, AA and FMO auditors were reviewed. In total 36 reports (29 new irregularity reports and 7 follow-up reports) were submitted to FMO. The Irregularity Register maintained regularly.		

2. BUDGET OVERVIEW in EUR

Actual expenditure till 31.12.2016.	Planned expenditure till 31.12.2016.	Unused amount in EUR, %
1 227 669	1 266 437	38 768 EUR/ 3,0%
Disbursements till 31.12.2016.	Total TA budget	Absorption rate in %
1 147 655	1 459 000	78,7
Planned expenditure for 2017 (forecast of 30.09.2016.)	Planned expenditure for 2017 (forecast of 10.02.2017.)	Justification for changes, if any
199 629	227 647	28 018*

* The difference arose because some project's activities implementation moved from 2016 to 2017

3. PROCUREMENTS (for amounts that exceed the national thresholds for the procurement)

Activity outsourced by national level institution	National entities	Value of the procurement EUR without VAT	Name of the provider
Media monitoring analysis	FP	10 440,00 EUR (2 220,00 EUR part from the FMs)	Ltd "LETA"

4. STAFFING

Name of staff	Official position	Main tasks	Level of effort (% of working time)	Funded through the Grants (Y/N)
National Focal Point – The Ministry of Finance				
Armands Eberhards	Head of FP, Deputy State Secretary of MoF	Main responsible authority of FP.	1%	N
Diāna Rancāne	Head of EU Funds Monitoring Department	Overall management and monitoring of FMs' programmes in Latvia (including function of reporting on irregularities).	10 % (1,5%)	N
Diāna Atkauke <i>from May 2012 till April 2016</i> Guntra Želve <i>from May</i>	EU Funds Monitoring Department, EEA, Head of Norway and Switzerland Projects Monitoring Division	Overall management and monitoring of FMs.	80%	Y

Name of staff	Official position	Main tasks	Level of effort (% of working time)	Funded through the Grants (Y/N)
<i>2016 till now</i>				
Guntra Želve <i>from May 2012 till April 2016</i> Inga Vajevska <i>from May 2016 till now</i>	EU Funds Monitoring Department, EEA, Norway and Switzerland Projects Monitoring Division, Deputy Head	Overall management and monitoring FMs, including Innovation Programme (function of reporting on irregularities).	80% (5%)	Y
Gita Tenisone <i>from July 2012 till June 2014</i> Diāna Bremšmite <i>from June 2014 till October 2015</i> Aija Paleja <i>from October 2015 till now</i>	EU Funds Monitoring Department, EEA, Norwegian and Swiss Projects Monitoring Unit, Senior Expert	Management and monitoring of TAF activities (including NBF). Planning and monitoring of TAF budget (monthly/yearly).	50%	Y
Signe Gulbe <i>from July 2013 till February 2016</i> Liene Ernestson <i>from March 2016 till now</i>	EU Funds Monitoring Department, EEA, Norway and Switzerland Projects Monitoring Division, Senior Expert	Management and monitoring of FM's programmes: NGO Fund, Cultural Heritage Programme and Correctional Services Reform Programme (including function of reporting on irregularities).	100% (10%)	Y
Inga Vajevska <i>from May 2012 till September 2016</i> Lauma Lazdina <i>from October 2016 till now</i>	EU Funds Monitoring Department, EEA, Norway and Switzerland Projects Monitoring Division, Senior Expert	Management and monitoring of FMs' programmes: Climate Programme, Capacity-Building Programme and Research and Scholarships Programme (including function of reporting on irregularities).	100% (15%)	Y
Solveiga Ozola	Director of EU Funds Management System Department	Supervises Department activities.	5%	N
Linda Barbara	EU Funds Management System Department EU Funds Legal Unit, Head of Unit	Supervises Unit activities regarding FMs.	3%	N
Jekaterina Kapilova <i>from January 2012 till August 2014</i> Evita Loseva <i>from October 2014 till June 2016</i> Jekaterina Kapilova <i>from June 2016 till</i>	EU Funds Management System Department EU Funds Legal Unit, Legal Advisor	Preparation of necessary amendments in national regulations regarding FMs. Provision of legal opinion on implementation and application of law and rules mentioned; on procedures and rules for implementation of FMs programmes and projects.	25%	Y

Name of staff	Official position	Main tasks	Level of effort (% of working time)	Funded through the Grants (Y/N)
<i>now</i>				
Gita Tenisone <i>from June 2014 till July 2015</i> Dita Tetere <i>from August 2015 till May 2016</i> Marina Šiškina <i>from June 2016 till now</i>	Senior Expert of EU Funds Management System Department	Development, coordination and amendment of national MCS; Monitoring of implementation of Programme MCS and submission to FMO; Coordination of risk management process; Analysis of MCS and system audit results and monitoring implementation of recommendations; other tasks related to MCS issues.	50%	Y
Natalja Lipina <i>from April 2014 till March 2015</i>	Senior Officer of Finance and Maintenance Department	Carries out planning of TAF budget, financing plans, estimates, procurements. Prepares interim and annual reports. Participates in elaboration of regulatory documents.	15%	Y
Natalja Lipina <i>from April 2015 till now</i>	Head of Unit of Finance and Maintenance Department	Supervises Unit activities.	5%	N
Baiba Balode <i>from April 2014 till March 2015</i> Sintija Bērziņa <i>from September 2015 till now</i>	Deputy Head of Unit of Finance and Maintenance Department	Carries out planning of TAF budget, financing plans, estimates. Prepares interim reports and forecasts.	15%	Y
		Carries out planning of TAF budget, financing plans, estimates, procurements. Prepare IFRs and forecasts.	20 %	Y
Antra Bolgzde <i>from November 2011 till August 2016</i> Ludmila Severova <i>from September 2016 till now</i>	Deputy Head of Unit of Finance and Maintenance Department Leading Accountant of Finance and Maintenance Department	Carry out accounting (reports). Participation in elaboration of regulatory documents.	20%	Y
Ilze Berga <i>till August 2016</i> Antra Bolgzde <i>from September 2016 till now</i>	Head of Unit/Chief Accountant of Finance and Maintenance Department	Supervises Unit activities.	3%	N

Name of staff	Official position	Main tasks	Level of effort (% of working time)	Funded through the Grants (Y/N)
Laima Kalniņa	Senior Accountant of Finance and Maintenance Department	Carry out accounting (reward, payments).	5%	N
Anta Freimane	Senior Accountant of Finance and Maintenance Department		3%	N
Viktorija Grīnfelde	Head of Finance and Maintenance Department	Supervises Department activities.	5%	N
Ieva Pužule (Vilkaste) <i>from June 2014 till December 2015</i>	Senior Officer of Communication Department	Coordinates FMs Communication Strategy; organizes Communication Management group meetings, common activities and informative events for popularization of FMs; cooperates with media, ensuring information (press releases, news) and organizes media events.	20%	Y
Maija Dzelde <i>from January 2016 till December 2016</i>	Deputy Head of Communication Department			
Edgars Putins <i>from November 2012 till now</i>	Leading IT administrator of Finance and Maintenance Department	Maintains web pages www.eeagrants.lv and www.norwaygrants.lv .	10%	Y
CA – The State Treasure				
Karīna Zencova	European Affairs Department, Director	Participation in elaboration of amendments in legal documents, guidelines and system description, update of the internal procedures to ensure responsibilities of CA, verification and certification of IFRs, approval of the auditors’ reports analysis, verification of prepared forecast of likely payment applications.	25%	N
Anda Pudāne	European Affairs Department, Deputy Director	Participation in elaboration of amendments in legal documents, guidelines and system description, update of the internal procedures to ensure responsibilities of the CA, verification of IFRs, analysis of the auditors’ reports, preparation of the forecast of likely payment applications.	30%	N
Inga Cīrule	European Affairs Department, Deputy Director		25%	N
Regīna Uljanova	European Affairs Department, Senior Officer		50%	Y
Ingmārs Kālis	European Affairs Department, Senior Officer		25%	N
Sandris Krīgers <i>from January 2016 till July 2016</i>	European Affairs Department, Senior Officer		25%	N
Audit Authority - The Ministry of Finance				
Nata Lasmane	Director of the EU Funds Audit Department – Head of the AA	To ensure overall management of AA. To supervise audits, including approval of the Overall audit	3,5%	N

Name of staff	Official position	Main tasks	Level of effort (% of working time)	Funded through the Grants (Y/N)
		strategy for every audit, approval of all audit reports, issuing opinions. To approve Single Audit Strategy for the whole FMs' period. To approve AAR annually on effectiveness of MCS. Issue Opinions annually on the basis of the controls and audits that have been carried out, as to whether MCS functions effectively.		
Olga Guza <i>from May 2012 till May 2015</i> Jeļena Keirāne <i>from November 2015 till now</i>	Chief Expert of the EU Funds Audit Department	Elaborate methodology of AA for carrying out audits and for preparation Single Audit Strategy and AAR. Manage compliance assessment audits and audits on effective functioning of MCS at the level of BS. Manage audits on effective functioning of MCS at the level of programmes. Perform risk assessment of the project in order to establish sample for auditing. Manage audits on the projects. Prepare and submit to FMO Single Audit Strategy, AAR annually on effectiveness of MCS. Prepare and submit annually to NFP annual audit plans.	75%	Y
Ilona Skorobogatova <i>from November 2012 till December 2015</i>	Auditor of the EU Funds Audit Department	Carry out compliance assessment audits and audits on the projects. Carry out audits on effective functioning of MCS at the level of BS or at the level of programmes.	50%	Y
Svetlana Derjugina <i>from January 2015 till October 2016</i>	Auditor of the EU Funds Audit Department		100%	Y
Raimonda Batņa <i>from December 2016 till now</i>	Senior Auditor of EU Funds Audit Department	Carry out audits on effective functioning of MCS at the level of programmes.	100%	Y
Ilona Abzulēna <i>from January 2016 till October 2016</i>	Auditor of EU Funds Audit Department		100%	Y
Jānis Gaišonoks <i>from June 2015 till October 2015 and from August 2016 till September 2016</i>	Senior Auditor of EU Funds Audit Department	Carry out audits on the projects.	80%	N
Elvīra Klarka <i>from June 2016 till now</i>	Senior Auditor of EU Funds Audit Department		100%	Y
Aiva Avota <i>from</i>	Senior Expert of EU Funds Audit		80%	Y

Name of staff	Official position	Main tasks	Level of effort (% of working time)	Funded through the Grants (Y/N)
<i>October 2016 till now</i>	Department			(for 2 months)
<i>Arta Graudiņa from November 2016 till now</i>	Auditor of EU Funds Audit Department		80%	N
<i>Zane Grundmane - Stesele from November 2016 till now</i>	Auditor of EU Funds Audit Department		100%	N
Other entity - The Procurement Monitoring Bureau				
Inta Vingre	Director of Control Department	Developing plans of pre-examinations, approving conclusions, preparing ex-ante checklists, organization of quarterly meetings involving representatives from the POs and providing methodological support.	20%	N
<i>Aldis Šilders from September 2014 till June 2015</i>	Senior Officer	Examinations of the procurement documentation and preparing conclusions.	50%	Y
<i>Evija Rubene from September 2013 till December 2016</i>				
<i>Evija Šefere from June 2015 till now</i>				
<i>Agnese Caune from March 2014 till September 2016</i>		Developing plans of pre-examinations, examinations of the procurement documentation, preparing conclusions and correcting conclusions made by other Senior Officers.		N
<i>Laura Upīte from September 2016 till now</i>				
Entity responsible for irregularity reporting – The Ministry of Finance**				

** The FP ensures reporting on irregularities function (please see above in the table information on FP's level of effort)

5. THE COMING YEAR 2017

National entities	Overview of the principal tasks planned to be implemented
1.FP	The principal tasks will remain the same as in 2016
2.CA	
3.AA	
4.Other entities (PMB)	Will ensure involvement and support, if necessary.

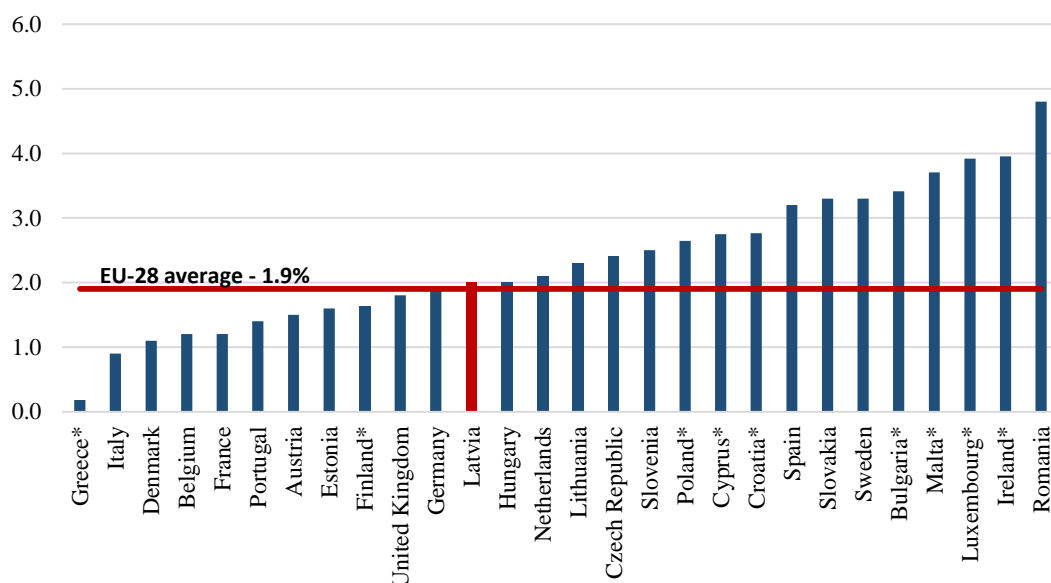
5.Entity responsible for irregularity reporting	Regular reporting will be continued in accordance with procedures set in the Regulation.
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Annex 6.9 Economic background of EU, Latvia and cooperation with donor states

In 2016 the economic growth in EU continued at a moderate pace of 1.9%, slowing down slightly from 2.2% in 2015. The European economy demonstrated resilience in 2016, as it maintained its course of growth despite of a number of international and domestic challenges including the lowest pace of global growth since 2009, geopolitical tensions, terrorist attacks, UK's vote to leave the EU and a mounting backlash against globalisation. Growth in 2016 picked up slightly towards the end of the year, with the continued support of very accommodative monetary policy, low commodity prices, the euro's relatively low exchange rate.

Latvia's economic growth slowed down to 2.0% in 2016, which is weaker than 2.7% GDP increase back in 2015. The slowdown of Latvia's economic growth in 2016 was determined mainly by contraction of investment by 11.5% that was caused by delays in the EU funds disbursement, as well as still slow economic growth in Latvia's main trade partners. Despite the experienced slowdown, the real GDP growth in Latvia remained at the level of average EU growth rate in 2016.

Chart 1 "Real GDP growth in 2016 in EU (against the previous year, %)"



Source: Eurostat; * - data on 1-3Q of 2016

Similarly to previous years, the largest contribution to the Latvia's economic growth in 2016 was provided by domestic demand and sectors related to it. The main driver of growth in 2016 remained private consumption that expanded by 3.4%. Government consumption grew at a modest pace increasing by 2.7%, while gross fixed capital formation in 2016 compared to 2015 fell by 11.5%.

Exports of goods and services increased by 2.6% at constant prices, while imports increased faster – by 4.4%, and the net exports contribution to GDP growth was negative in 2016.

From the production side, the largest contribution to GDP growth was provided by manufacturing, that increased by 5.6%. Other sectors which supported economic growth significantly in 2016 were trade (+3.3%), public administration and defence (+3.9%) as well as mining, energy, gas and water supply sector (+5.3%). Wholesale and retail trade increased by 3.3% in 2016, while accommodation and food service activities showed a robust 8.9% growth.

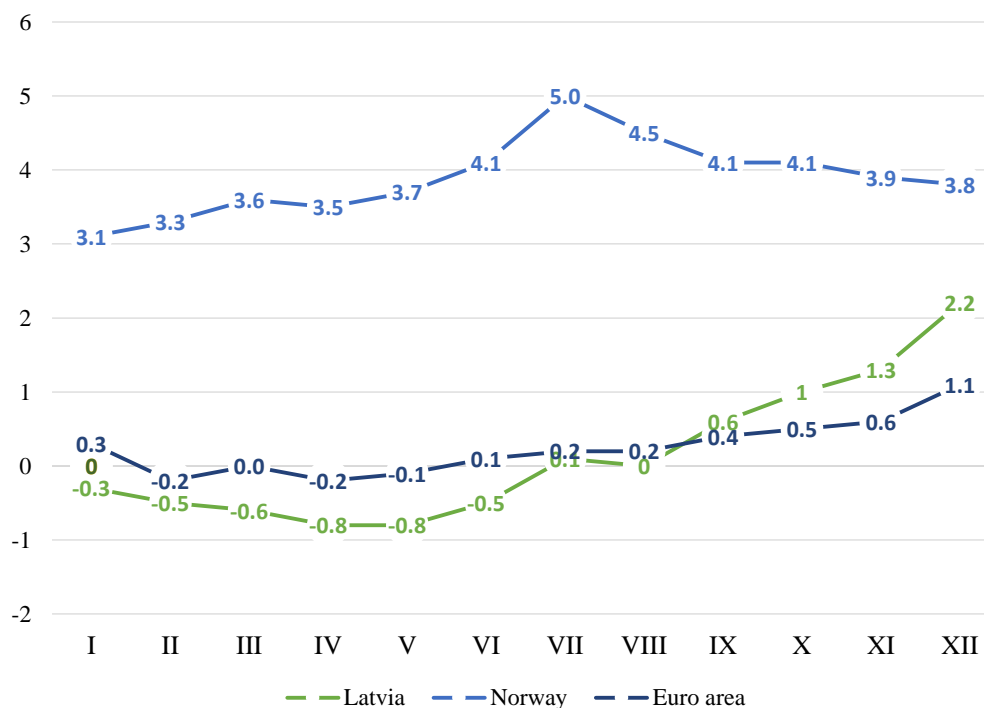
In 2016, the value added declined only in two sectors - in construction - by 17.9%, as a result of temporary slowdown in EU investment flow, and in real estate activities – by 0.6%.

Economic growth is related to inflation dynamics. In 2016, changes in consumer price level remained very moderate in Latvia, as a result of low energy prices in the world market. In the first half of 2016, consumer price changes were negative, however since July inflation had been resuming gradually, accelerating to 2.2% in December. This dynamics were largely determined by commodities price fluctuations in the world market. Sharp oil price drop in the beginning of 2016 reduced prices for fuel, heating and gas in Latvia. However, equally rapid price increase for food

at the end of 2016 mitigated the effect of price drop for goods and services associated with energy resources.

Annual average inflation in Latvia in 2016 was at a historically low level of 0.1%. Prices for goods decreased by 0.7% in 2016, while prices for services upheld an upward trend mainly due to price and wage convergence to the EU average level, and increased by 2.2%. In the euro area inflation remained low 2016 as well, - at 0.2% level, determined by the low energy prices as well as the weak economic growth. Inflation dynamics in Latvia, Norway and euro area is shown in the chart below.

Chart 2 “Inflation rate dynamics in 2016, % (annual rate of change)”



Source: Eurostat, Central Statistical Bureau of Latvia

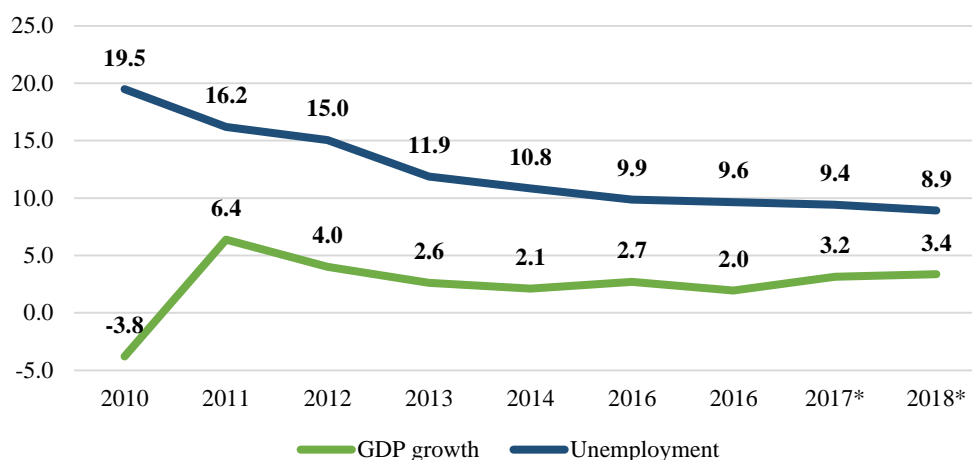
The rapid economic growth in the previous years reflected in rising earnings. The average gross wage in 2016 increased by 5.0% year on year, reaching 859 EUR, while average real wage grew by 4.7%, driven by low inflation. The average gross wage growth in 2016 was a bit lower than in the previous two years, when average monthly wage increased by 6.8%. Slower wage growth is related to a smaller minimum wage increase at the beginning of 2016 and a slightly lower economic growth in 2016. Similarly to previous years, the largest wage growth was observed in the private sector - by 5.8% to 845 EUR, while in the public sector salary rose by 3.7% to 886 EUR.

The highest average gross wage still is recorded in Riga region - 971 EUR, while the lowest – in Latgale region – 592 EUR, demonstrating evident/significant regional disparities and challenges.

In 2016 the minimum wage was raised to 370 EUR, having a positive effect on real earnings, bolstering both domestic demand and private consumption, thus reducing economic and social disparities between Latvia's regions and EU. In 2017 the minimum wage was raised further to 380 EUR.

Steady economic growth in recent years has a positive effect on the situation in labour market and according to data on Chart 3 unemployment rates are decreasing since 2010. Following the noteworthy improvements in the years after economic crisis, in 2015 and 2016 improvements in the labour market slowed down slightly influenced by both lower economic growth rate and decline in the number of working age population. Still, the jobseeker rate in 2016 decreased to 9.6% - by 0.3 percentage point year on year, and was the lowest since the pre-crisis period.

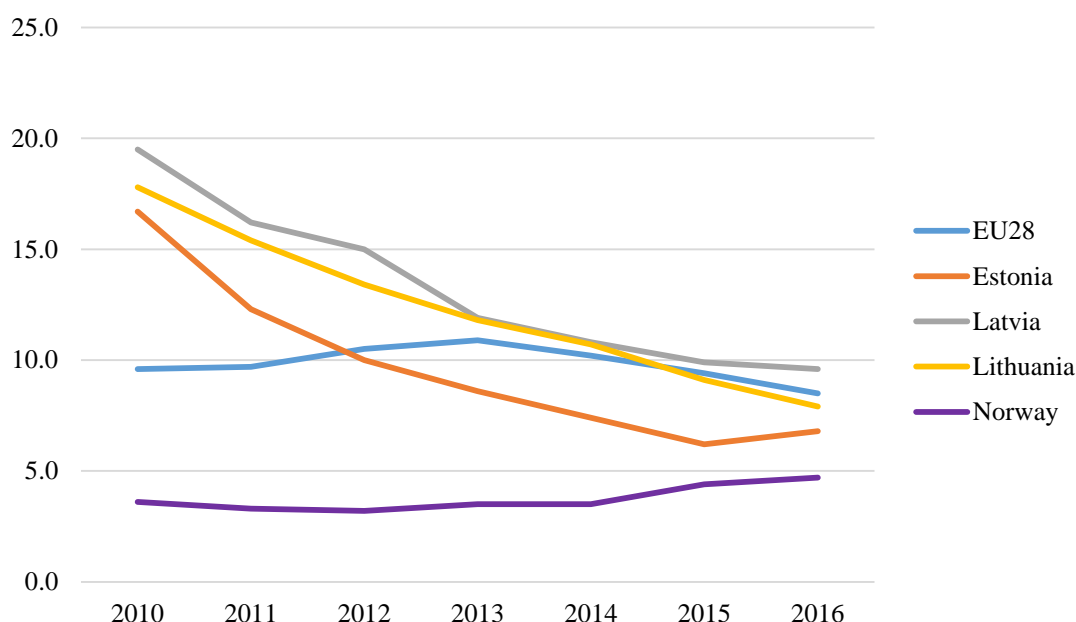
Chart 3 “GDP growth rate and unemployment dynamics in Latvia, %”



Source: Central Statistical Bureau of Latvia, Ministry of Finance forecast*

The registered unemployment has also been declining at a similar pace - from 9.1% at the end of January 2016 it has decreased to 8.5% at the end of December 2016. The highest registered unemployment rate still was registered in Latgale region – 17.9%, while the lowest – in Riga region – 5.3% at the end of December 2016. According to statistics data (see the Chart below) the unemployment rate in Latvia still is relatively high comparing to neighbouring countries, the EU average and Norway.

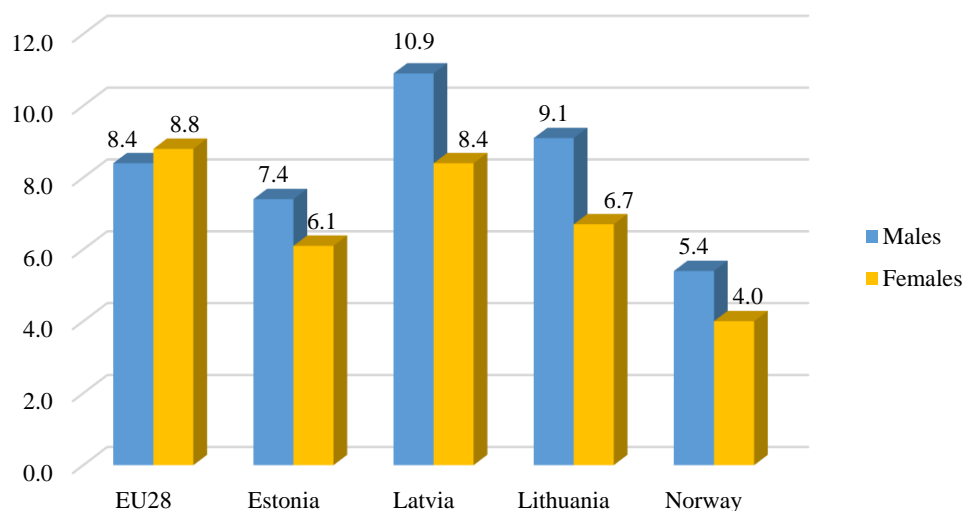
Chart 4 “Unemployment rate 2010-2016, %”



Source: Eurostat

Comparatively high unemployment is still related to cyclical factors, nevertheless the features of structural unemployment are becoming more apparent. The share of long-term unemployed persons in the total number of unemployed has been on a declining trend since the economic crisis, still but it has stabilised in the last two years. In January 2017 the share of long-term unemployed persons (not working for more than a year) in the total number of unemployed persons accounted for 28.2%, having decreased from 29.1% a year ago.

Chart 5 “Unemployment rate by gender (2016, age 15 to 74 years), %”



Source: Eurostat

The statistics show (see the Chart above) that in Latvia and other Baltic countries unemployment rate for males exceeds female unemployment, while in EU28 on average the situation is reversed. In Norway unemployment is slightly higher for males than females, while unemployment rates for both genders are low, if compared with Baltic countries and EU28 average.

According to macroeconomic forecasts developed by the Ministry of Finance in February 2017, GDP growth in Latvia in the mid-term will become stronger. In 2017 GDP is projected to increase by 3.2% and growth acceleration to 3.4% in 2018 is expected. The growth will be determined mainly by stronger increase in domestic demand - both private consumption and gross fixed capital formation. Investment growth will be stimulated by improvements in the EU funds absorption and lending activity, while exports will benefit from stronger global economic growth. Main risks to Latvia's economic growth are still related to geopolitical uncertainty as well as global political situation including policy of the new US administration, UK's vote to leave the EU and elections in a number of leading EU states. Internal downside factors include persistently low investment level in Latvia, wage growth which exceeds productivity growth that could undermine Latvia's competitiveness as well as insufficient EU fund investment.

On the positive side, Latvia's economic growth might be boosted by more rapid lending expansion, as well as stronger investment growth relying on businesses' internal resources. Upside risks also include stronger than projected economic growth in Latvia's main trade-partner countries including Russia.

Despite the steady economic growth in recent years, Latvia still is the fourth poorest EU country following Bulgaria, Romania and Croatia. Financial mechanism's funding in complementarity with the EU funds of 2007-2013 as well as 2014-2020 periods in the targeted areas within framework of the EU 2020 strategy would continue providing a useful contribution to stabilize economic situation in the EEA and will make an important role for further economic growth in Latvia.

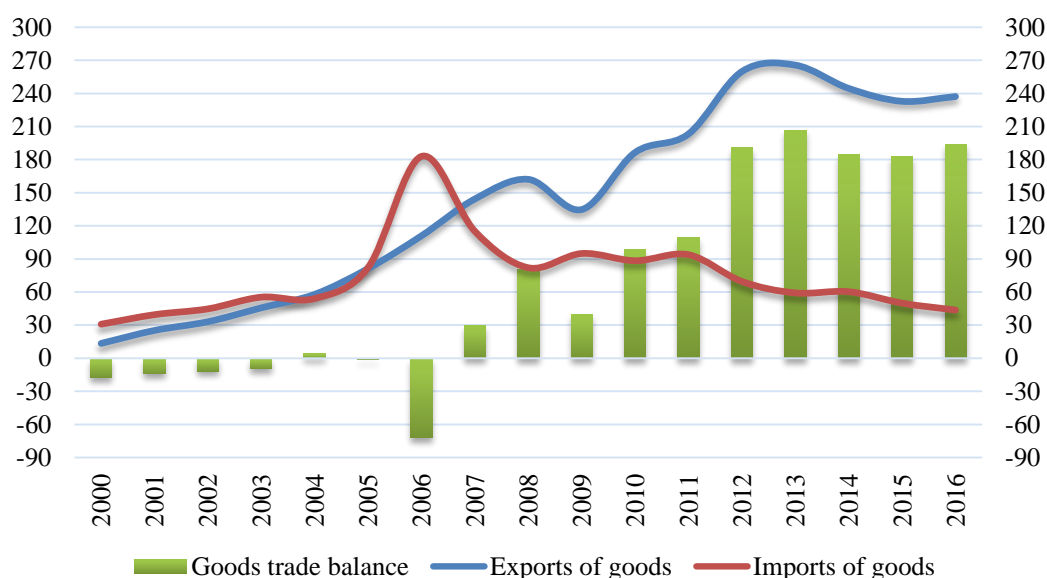
Economic cooperation between Latvia and Norway

Trade is important pillar of the economic relationship between our countries. Economic ties between Latvia and Norway have become noticeably stronger and tighter during the last decade,

thus contributing to the development of the economy of Latvia. Exports of goods to Norway has flourished after the Latvia's accession to EU in 2004. Moreover, Norway is among the ten largest Latvia's export markets since 2006 and remains an important investment partner.

Since 2006 Latvia's goods trade balance with Norway has been in a surplus, in 2016 it increased to 193.7 M EUR, as Latvia's exports to Norway grew by 1.9% to 237.3 M EUR, while imports from Norway decreased by 12.5% to 43.6 M EUR. With a 2.3% share of total Latvia's exports Norway was the tenth largest Latvia's export market in 2016.

Chart 6 "Latvian and Norwegian foreign trade of goods 2000-2016, M EUR"

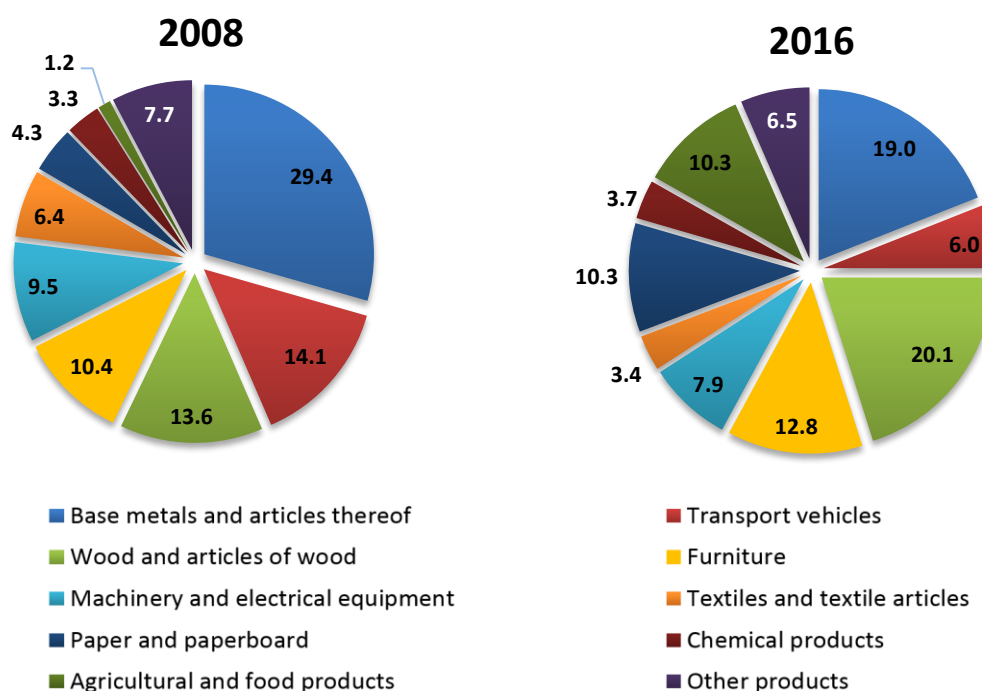


Source: Central Statistical Bureau of Latvia

In recent years, Latvia's commodity export structure to Norway became more diversified reducing the base metals and transport vehicles share in it. In 2016, the largest export commodity category to Norway was wood and articles of wood with a 20.1% share and 47.4 M EUR value. Base metals and article thereof was the second largest export commodity category with a 19.0% share. Exports of wood products to Norway increased by 26.8%, while exports of base metals declined by 10.2% in 2016, as a result of decrease in total metal exports after the closure of Latvia's largest metallurgical company "Liepājas metalurģs".

The sharpest increase in 2016 was observed in exports of mineral products – by 142.5%, compared to 2015. Still the share of mineral products in total Latvia's exports to Norway is insignificant – 0.4% of total exports. Considerable export value increase in 2016 was observed also in agricultural products, chemical products and construction articles, by 22.6%, 15.3% and 14.0% respectively.

Chart 7 “Structure of exports, % of total exports of goods to Norway in 2008 and 2016”

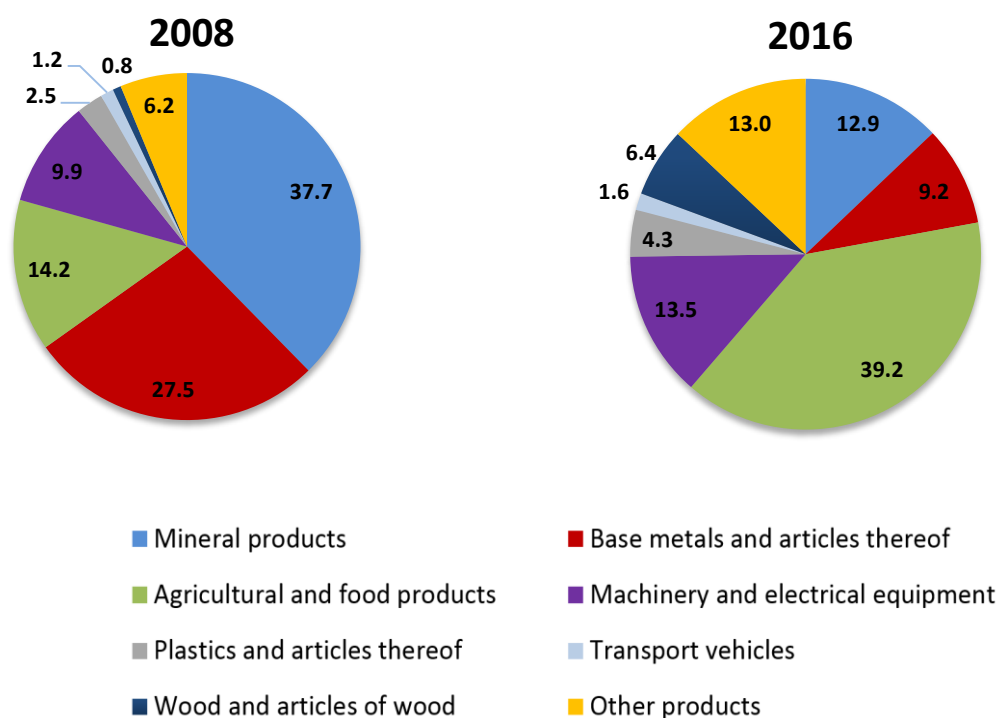


Source: The Central Statistical Bureau of Latvia

Goods imports from Norway has been lower than exports contributing to positive Latvian trade balance with Norway since 2007. From 2005 until 2013, mineral products with a 56.5% share on average was the largest imports goods category, but dramatic slump in 2014 by 40.9% reduced its share in total imports of goods to 24.7%. In 2016, along with falling oil prices in world markets, imports of mineral products continued to decrease, e.g., imports value fell by 52.0% compared to 2015, decreasing its share in total imports from Norway to 12.9%.

The largest import category in 2016 was agricultural and food products with a 39.2% share of total imports from Norway, while machinery and electrical equipment was the second largest with a 13.5% share.

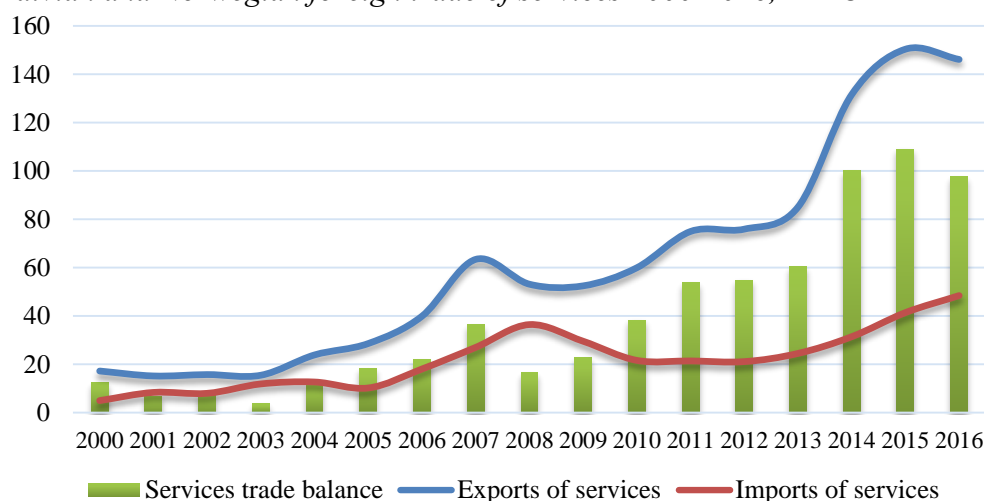
Chart 8 “Structure of imports, % of total imports of goods to Norway in 2008 and 2016”



Source: The Central Statistical Bureau of Latvia

Total imports of agricultural and food products increased by 22.4% in 2016, and imports of machinery and electrical equipment grew as well, increasing by 10.6%, compared to 2015. Meanwhile, imports of wood and articles of wood decreased by 44.0%, reducing its share in total Latvia's imports from Norway to 6.4%.

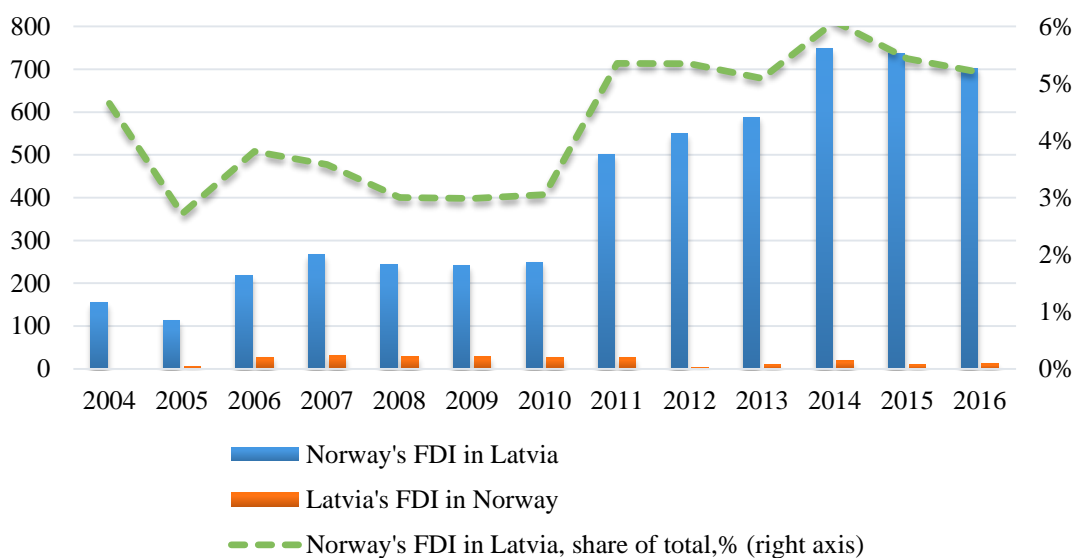
Chart 9 "Latvian and Norwegian foreign trade of services 2000-2016, M EUR"



Source: The Bank of Latvia

Since 2010 until 2015, the value of services exports to Norway grew very rapidly, on average by 14% per year. In 2016, services exports to Norway decreased slightly – by 2.8% to 146.2 M EUR and with a 3.4% share of Latvia's total services exports Norway is the eighth largest market for Latvian services. As in previous years, tourism sector provided the largest part of services offered by Latvian companies.

Chart 10 Foreign direct investment stock 2004-2016, M EUR



Source: The Bank of Latvia

Norway was the seventh biggest foreign investor in Latvia by the end of 2016. Compared to 2015, inward foreign direct investment to Latvia decreased by 4.6% and was 702.9 M EUR at the end of 2016. In terms of industry, the foreign direct investments structure is diversified. However, the leading industry, which attracted the highest Norway investors' attention, is financial and insurance industry.

Economic co-operation between Latvia and Iceland

In 2000, Latvian value of commodity exports to Iceland was only 4.4 M EUR, i.e., only 0.3% of total goods' exports value at that year. However, Latvian goods exports to Iceland grew on average by 37.6% per year during 2001-2007. While total Latvian goods' exports on average grew

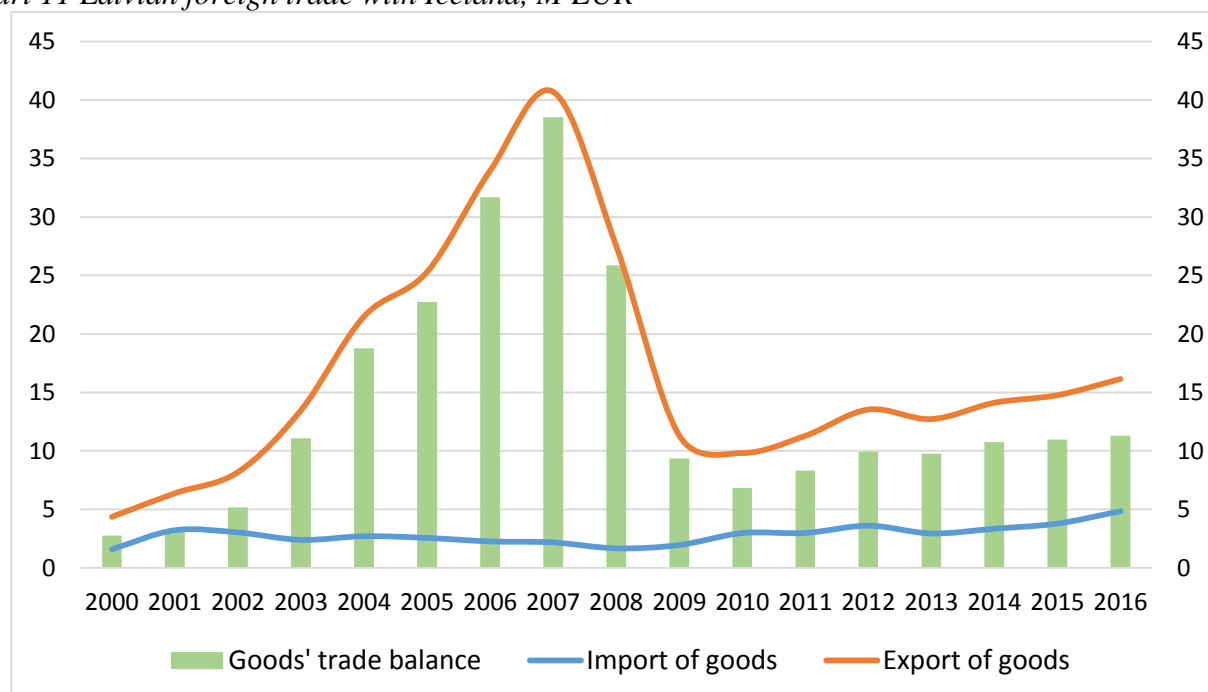
by 19.9% per year. In 2007, Latvian exports of goods to Iceland reached 40.7 M EUR, thereby the share of goods exports to Iceland doubled since 2000. The main exporting items were wood and base metals that accounted up to 71.7% of total goods exports to Iceland in 2007.

However, goods' exports to Iceland sharply and consistently declined over three year's period since 2008. The goods' exports value in 2010 went down the level of 2002. One of the main causes of such an enormous decline of exports was global financial crisis in general and sharp depreciation of Iceland national currency in particular.

Since 2010, Latvian exports of goods to Iceland recovered becoming more diversified. The share of wood and articles of wood and base metals decreased to 35.0% and 13.2% respectively in 2016. Commodity's export to Iceland increased by 9.4% overall in 2016 from the level of 2015 comprising 0.2% of total Latvian goods' export value.

In 2016, the most of the exports' growth to Iceland came from the exports of textiles and wood products, including furniture export growth, by 10.3% and 7.9% respectively. The structure of wood's export almost unchanged over the years. There are two main wood products exported, wood sawn and carpentry of wood. While articles of apparel was predominant product at textiles commodity category.

Chart 11 Latvian foreign trade with Iceland, M EUR¹²



Since 2000, value of commodity's import from Iceland were almost constant not exceeding 5 M EUR per year. In 2016, value of goods' import jumped by 27.9% mostly due to growth of fish and crustaceans import. Over the past years fish, crustaceans, and preparations of fish were major import products from Iceland. At the end of 2016 these commodity category share in total import value were almost 81%. The second biggest import commodity category with 9.6% share is plastic and rubber.

Since 2000, the foreign direct investment (FDI) inflow from Iceland to Latvia were uneven. In 2010, inward FDI stock from Iceland has reached historically highest level of 160 M EUR. However, since 2011, inward FDI stock gradually decreased to 57.3 M EUR by the end of 2015. Nevertheless, the inward FDI stock increased to 95.2 M EUR in 2016.

¹² Data: CSB

Economic co-operation between Latvia and Lichtenstein

Goods' trade turnover between Latvia and Lichtenstein increased four times over the last year reaching 92 970 EUR. The value of Latvian goods' exports to Lichtenstein increased by 45 553 EUR in 2016 reaching 59 045 EUR, mostly due to the wood and furniture products export growth. In turn goods' imports from Lichtenstein increased by 24 795 EUR in 2016. Rather strong import increase registered in such commodity category as essential oil and auxiliary machinery.

Foreign direct investments from Lichtenstein in Latvia has fluctuated widely during the past years. For example, if in 2013 accumulated foreign direct investment from Lichtenstein in Latvia was 23.9 M EUR, later it decreased to 11.0 M EUR in 2015. In previous year, the FDI stock recovered reaching 13.2 M EUR.

Annex 6.10 Overall progress of programmes' outcomes and outputs

Annex 6.10.1 Outcomes' progress

Outcome/Outcome Indicators	Measurement	Responsible institution	Baseline according to DoRIS	Target according to DoRIS ¹	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)	Clarification
1	2	3	4	5	6	7=6/5	8	9=6+8	10=9/5	11
LV02 National Climate Policy										
Outcome 1: Developed strategies and measures for adapting to a changing climate										
Number of adaptation strategies developed at national level	number	MoEP RD	0	1	0	0%	1	1	100%	In 4th quarter 2016 the agency in cooperation with PO carried out preliminary assesment on achievement of outcomes` indicator targets however PO did not report these achieved results in system DoRIS, taking into account that in 2017 after completion of all projects, an independent external ex-post Programme evaluation will be carried out in accordance with evaluation guidelines. Independent evaluators may choose different methodology and interpret results in a different manner therefore to avoid misinterpretation and mismatch of results the achievement of outcomes` indicators will be reported in DoRIS in the final report after results of evaluation will be harmonized with FMO.
Increased state institution, local municipality`s and public awareness on climate change and adaptation issues	%	MoEP RD	0	30	0	0%	30	30	100%	
Outcome 2: Improved environmental information on impact, status and trends										
Improved system for environment monitoring by increasing amount of national GHG inventory improvements	%	MoEP RD	50	85 (35)	0	0%	85	85	100%	
Increased quality and sufficient amount of information of the national GHG projections, measures and the policy evaluation reports	%	MoEP RD	30	70 (40)	0	0%	70	70	100%	

Outcome/Outcome Indicators	Measurement	Responsible institution	Baseline according to DoRIS	Target according to DoRIS ¹	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)	Clarification
Outcome 3: A less carbon-dependent economy										
Expected annual decrease of greenhouse gas emissions (GHG)	tonnes CO ₂ /year)	MoEP RD	0	4 300	1 126	26%	134	1 260	29%	As previously reported, the outcome indicator on expected annual decrease of GHG emissions will not be fully achieved taking into account that achievement of this outcome is influenced by results achievement of indicators of Output 2 "Renewable energy projects implemented" and Output 3 "Low carbon technologies developed and demonstrated": - no renewable energy project application was approved due lack of quality; - only 2 innovative low carbon technologies' projects (instead of 3 planned) were approved due to same reason. Introduction of renewable energy/low carbon technologies was supposed to make the biggest influence on decrease of GHG emissions, therefore achievement of this outcome is endangered.
LV03 NGO fund										
Outcome 1: Active citizenship fostered										
Number of persons engaged on a regular basis in volunteering with civil society organisations	number	SIF	1 442	4 000 (2 558)	6 681 (5 239)	167%	0	6 681 (5 239)	167%	All indicators are overreached.
Number of NGOs whose activity is aimed at sustainable development of the organisation on local, regional or national level, increased	number	SIF	42	66 (24)	121 (79)	183%	0	121 (79)	183%	

Outcome/Outcome Indicators	Measurement	Responsible institution	Baseline according to DoRIS	Target according to DoRIS ¹	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)	Clarification
Number of NGOs that have increased their participation in policy development and decision making together with the local and national government	number	SIF	28	36 (8)	85 (57)	236%	0	85 (57)	236%	
Number of newly established or enlarged international/ national/ local NGO coalitions	number	SIF	0	5	44	880%	0	44	880%	
Outcome 2: Provision of welfare and basic services to defined target groups increased										
Number of basic and welfare services that meet needs of defined target groups	number	SIF	16	20 (4)	40 (24)	200%	0	40 (24)	200%	All indicators are overreached.
Increased number of innovative social services and social measures for children and youth at risk, and families with children that potentially more often experience crisis situation	number	SIF	0	38	66	174%	0	66	174%	
Number of measures aimed at embodiment and integration of the gender equality principle in all areas of life	number	SIF	1	6 (5)	15 (14)	250%	0	15 (14)	250%	

Outcome/Outcome Indicators	Measurement	Responsible institution	Baseline according to DoRIS	Target according to DoRIS ¹	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)	Clarification
Outcome 3: Democratic values, including human rights, promoted										
Number of NGOs promoting democratic values, including human rights	number	SIF	0	12	4	33%	0	4	33%	<u>Risk:</u> The partly achieved indicators can be explained by the low activity of the NGOs working in exact thematic areas. In the thematic area "Development of a cohesive society" the projects were submitted by organizations that have wider activity profile. This can be seen as a specific peculiarity for Latvia- the organizations works in several fields rather than focus on one or two thematic areas. Beside that- there can be noticed negative tendency in the NGO sector in Latvia- there are more and more NGOs that do not have exact aim and focus of activities. They rather focus on the activities that are supported by any of the foreign financial assistance.
Number of NGOs facilitating accessibility to the rights of citizens	number	SIF	0	10	4	40%	0	4	40%	
Outcome 4: Strengthened capacity of NGOs and an enabling environment for the sector promoted										
Laws and regulations developed and research carried out for the improvement of the legal and fiscal environment for NGOs	number	SIF	0	5	5	100%	0	5	100%	Indicator is reached.
LV04 Conservation and Revitalisation of Cultural and Natural Heritage										
Outcome 1: Cultural heritage restored, renovated and protected										
Number of objects of cultural heritage value restored/preserved	number	MoC	0	8	8	100%	1	9	113%	Already reached.
Outcome 2: Cultural heritage made accessible to the public										
Number of items of cultural heritage value made available to the public in electronic	number	MoC	0	1 000	1 000	100%	0	1 000	100%	Already reached.

Outcome/Outcome Indicators	Measurement	Responsible institution	Baseline according to DoRIS	Target according to DoRIS ¹	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)	Clarification
format										
Number of buildings of cultural heritage value opened or reopened to the public	number	MoC	0	2	1	50%	1	2	100%	Indicator will be reached.
Outcome 3: Contemporary art and culture presented and reaching a broader audience										
Number of cultural performances held	number	MoC	0	20	54	270%	0	54	270%	Already overreached.
Number of persons taking part in cultural performances	number	MoC	0	1 000	88 943	8894%	0	88 943	8894%	
LV05 Research and Scholarships										
Outcome 1: Increased higher education student and staff mobility between Beneficiary and EEA EFTA States										
Number of students with received ECTS credits	number	MoES	0	35	20	57%	14	34	97%	Will be measured based on projects' interim and final reports. PO considers that indicators will be overachieved.
Increased skills/competences of staff involved in mobility	number	MoES	0	22	63	286%	8	71	323%	
Outcome 2: Increased higher education student and staff mobility between Beneficiary States and Norway										
Number of students with received ECTS credits	number	MoES	0	35	28	80%	10	38	109%	
Increased skills/competences of staff involved in mobility	number	MoES	0	22	62	282%	57	119	541%	
Outcome 3: Increased research cooperation between Norway and the Beneficiary States										
Number of joint publications authored by project participants from both BS and DS	number	MoES	0	38	13	34%	25	38	100%	PO considers that indicator will be reached.

Outcome/Outcome Indicators	Measurement	Responsible institution	Baseline according to DoRIS	Target according to DoRIS ¹	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)	Clarification
Outcome 4: Strengthened research capacity in the Beneficiary States and increased application of research results through research cooperation between Norway and the Beneficiary States										
Number of published international peer reviewed publications	number	MoES	0	40	41	103%	0	41	103%	Already reached.
¹ - in case, where the baseline is set, the actual target to be achieved in the Programme is difference between baseline and target value - indicated in the brackets										

Annex 6.10.2 Outputs` progress

Output indicators	Measur- ement	Responsible institution	Baseline	Target value according to Programme Agreement ¹	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs Target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)
1	2	3	4	5	6	7=6/5	8	9=6+8	10=9/5
LV02 National Climate Policy									
Developed climate change and impact scenario for 2050 - 2100.	number	MoEPRD	0	1	1	100%	0	1	100%
Developed reports on indicators, risks and adaptation measures	number	MoEPRD	1	13 (12)	9 (8)	69%	4	13 (12)	100%
Implemented researches on climate research methodologies, indicator systems and horizontal issues <i>NOTE: Indicator will be not achieved because SGS financing was sufficient for supporting 6 climate research projects</i>	number	MoEPRD	0	7	6	86%	0	6	86%
Developed professional education program modules on climate change and adaptation	number	MoEPRD	0	4	11	275%	0	11	275%
Information and planning events (seminars and campaigns) carried out	number	MoEPRD	0	12	13	108%	0	13	108%
Conferences, training seminars and other experience sharing events carried out to increase the capacity of Latvian inventory experts	number	MoEPRD	0	5	6	120%	0	6	120%
Developed an integrated database for climate change and air quality data aggregation and preparation of reports to different international institutions	number	MoEPRD	0	1	1	100%	0	1	100%
Implemented studies undertaken for inventory improvement	number	MoEPRD	0	4	5	125%	0	5	125%
Developed model system for climate change mitigation policy evaluation, including guidelines for cost assessment of different policy measures and ex-ante and ex-post policy assessment.	number	MoEPRD	0	1	0	0%	1	1	100%

Output indicators	Measurement	Responsible institution	Baseline	Target value according to Programme Agreement ¹	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs Target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)
<i>NOTE: There is a risks that indicator will not be fully achieved as problems with results of the procurement were identified.</i>									
Carried out education events for sectorial experts from institutions involved in the national system for policies and measures and projections	number	MoEPRD	0	3	3	100%	0	3	100%
Developed unified data tool for greenhouse gas projection preparation for international reporting	number	MoEPRD	0	1	1	100%	0	1	100%
Energy efficiency projects implemented	number	MoEPRD	0	3	5	167%	0	5	167%
Level of energy consumption assessed for buildings as result of implementation of energy saving technologies	kWh/m ² / year	MoEPRD	195	25 (170)	15 (180)	167%	0	15 (180)	167%
Average planned emission savings calculated <i>NOTE: Indicator will not be achieved considering that no renewable energy projects were approved due to lack of qualitative applications and interest from applicants</i>	tonnes CO ₂ / year	MoEPRD	300	500 (200)	0	0%	0	0	0%
Innovative low carbon technologies demonstrated within the programme <i>NOTE: Indicator will not be fully achieved as 2 innovative low carbon technologies' projects (instead of 3) were approved due to lack of qualitative applications and interest from applicants</i>	number	MoEPRD	0	3	1	33%	1	2	67%
LV03 NGO fund									
Number of NGO members	number	SIF	1 399	2 200 (201)	4 128 (2 729)	188%	0	4 128 (2 729)	188%
Number of people involved in NGOs as volunteers	number	SIF	43	1 800 (1 757)	2 553 (2 510)	142%	0	2 553 (2 510)	142%
NGO operational programmes on local level implemented	number	SIF	21	32 (11)	50 (29)	156%	0	50 (29)	156%
NGO operational programmes on regional and	number	SIF	19	34 (15)	69 (50)	203%	0	69 (50)	203%

Output indicators	Measurement	Responsible institution	Baseline	Target value according to Programme Agreement ¹	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs Target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)
national level implemented									
Number of measures/ meetings with local governments	number	SIF	80	110 (30)	161 (81)	146%	0	161 (81)	146%
Number of measures/ meetings with regional or national institutions	number	SIF	38	50 (12)	259 (221)	518%	0	259 (221)	518%
Number of NGOs involved in cooperation networks on local level	number	SIF	0	3	6	200%	0	6	200%
Number of NGOs involved in cooperation networks on regional, national or international level	number	SIF	0	2	44	2200%	0	44	2200%
Number of people with improved access to innovative social services and measures <i>NOTE: Indicator is not achieved, because: 1. There was higher interest from PP to focus on innovations, which were targeted to children and youth; 2. Several projects were targeted to children and youth with disabilities or serious illnesses and in these cases as the main target group were indicated "children and youth" (and not as person with disability). 3. Project promoters indicated that the project period and maximum funding for the projects were not enough to create, test and use innovative service. Besides that, there are more than 200 social services and events provided within the thematic area "Social sector activities" that gives a high impact towards the Programme goals.</i>	number	SIF	30 516	57 868 (27 352)	33 793 (3 277)	58%	0	33 793 (3 277)	58%
Number of children and youth at risk of social exclusion, and families with children that potentially more often experience crisis situation, with improved access to innovative social services and measures increased	number	SIF	0	570	5 149	903%	0	5 149	903%
Number of people who have participated in activities aimed at gender equality	number	SIF	15	120 (105)	511 (496)	426%	0	511 (496)	426%

Output indicators	Measurement	Responsible institution	Baseline	Target value according to Programme Agreement¹	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs Target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)
Number of partnership agreements with partners from donor countries	number	SIF	0	10	24	240%	0	24	240%
Number of partnership agreements with partners from other beneficiary countries and Russian Federation and Republic of Belarus	number	SIF	0	5	9	180%	0	9	180%
Level of satisfaction with partnership from donor countries (percentage from partnership agreements)	%	SIF	0	8	21	263%	0	21	263%
Level of satisfaction with partnership from other beneficiary countries and Russian Federation and Republic of Belarus (percentage from partnership agreements)	%	SIF	0	4	9	225%	0	9	225%
Number of NGOs whose activity is aimed at ethnic minorities	number	SIF	19	23 (4)	33 (14)	143%	0	33 (14)	143%
Percentage of NGOs whose activity is aimed at intercultural communication, promotes tolerance and eliminates discrimination	%	SIF	28	30 (2)	31 (3)	103%	0	31 (3)	103%
Number of people who have studied the Latvian language and acquired knowledge about Latvian history and culture	number	SIF	60	200 (140)	889 (829)	445%	0	889 (829)	445%
Number of non-citizens who have participated in activities promoting acquisition of citizenship	number	SIF	0	200	470	235%	0	470	235%
Number of project partnership agreements with partners from donor countries	number	SIF	0	2	6	300%	0	6	300%
Number of project partnership agreements with partners from other beneficiary countries and Russian Federation and Republic of Belarus	number	SIF	0	1	1	100%	0	1	100%
High level of satisfaction with partnership from donor countries (percentage from partnership agreements)	%	SIF	0	1	5	500%	0	5	500%
Level of satisfaction with partnership from other beneficiary countries and Russian Federation and Republic of Belarus (percentage from partnership agreements)	%	SIF	0	1	1	100%	0	1	100%

Output indicators	Measurement	Responsible institution	Baseline	Target value according to Programme Agreement ¹	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs Target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)
Number of research carried out	number	SIF	0	4	4	100%	0	4	100%
Developed regulatory and methodological materials for the improvement of the legal and fiscal environment for NGOs	number	SIF	0	1	1	100%	0	1	100%
LV04 Conservation and Revitalisation of Cultural and Natural Heritage									
Number of restored and conserved cultural heritage objects (wooden architecture)	number	MoC	0	5	6	120%	0	6	120%
Number of restored and conserved cultural heritage objects (Art Nouveau) <i>NOTE: Indicator will not be reached, because during OC no project applications were submitted. Instead of Art Nouveau other cultural heritage objects will be restored.</i>	number	MoC	0	1	0	0%	0	0	0%
Number of restored and conserved cultural heritage objects (other)	number	MoC	0	2	2	100%	1	3	150%
Developed electronic data base on cultural heritage	number	MoC	0	1	1	100%	0	1	100%
Number of visitors in the restored cultural heritage object per year <i>NOTE: PO considers that indicator will be reached as widely attended events are planned in 2017.</i>	number	MoC	0	115 000	10 401	9%	104 599	115 000	100%
Number of a newly established and promoted existing partnership	number	MoC	0	10	23	230%	0	23	230%
Number of employees working in the sphere of culture and art whose mobility is promoted as a result of the Programme implementation	number	MoC	0	100	205	205%	0	205	205%
LV05 Research and scholarships									
Number of mobility project (between LV and EEA EFTA States) <u>applications</u> received by PO <i>NOTE: Indicator is not achieved because 16 applications instead of 35 anticipated applications were received</i>	number	MoES	0	35	*16	43%	0	16	46%

Output indicators	Measurement	Responsible institution	Baseline	Target value according to Programme Agreement ¹	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs Target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)
Number of mobile students as part of new or existing mobility agreements (between LV and EEA EFTA States)	number	MoES	0	35	22	63%	21	43	123%
Number of mobile staff (including teachers) as part of new or existing mobility agreements (between LV and EEA EFTA States)	number	MoES	0	22	63	286%	18	81	368%
Number of mobility project (between LV and Norway) <u>applications</u> received by PO <i>NOTE: Indicator is not achieved because 17 applications instead of 35 anticipated applications were received</i>	number	MoES	0	35	*17	49%	0	17	49%
Number of mobile students as part of new or existing mobility agreements (between LV and Norway)	number	MoES	0	35	36	103%	10	46	131%
Number of mobile staff (including teachers) as part of new or existing mobility agreements (between LV and Norway)	number	MoES	0	22	62	282%	55	117	532%
Number of cooperating research institutions within the programme <i>NOTE: Due to structural reorganization in University of Latvia, 2 project partners in research project "Technology transfer in the processing of mineral resources in earlier times" have become as one, thus number of cooperating institutions is lower than expected.</i>	number	MoES	0	36	35	97%	0	35	97%
Number of joint publications authored by project participants from both BS and DS	number	MoES	0	38	13	34%	25	38	100%
Number of published international peer-reviewed publications	number	MoES	0	40	41	103%	9	50	125%
Number of PhD students and postdocs trained within the projects	number	MoES	0	20	56	280%	0	56	280%
Percentage of female PhD students and postdocs trained within the projects	percentage	MoES	0	50	79	158%	79	79	158%

Output indicators	Measu- rement	Responsible institution	Baseline	Target value according to Programme Agreement¹	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs Target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)
1 - In case, where the baseline is set, the actual target to be achieved in the Programme is difference between baseline and target value - indicated in the brackets									

Annex 6.11 Executive summary on Evaluation of the efficiency of the European Economic Area Financial Mechanism and Norwegian Financial Mechanism 2009 – 2014 period (further – Financial Mechanisms) implementation's system

The aim of the evaluation is to perform assessment of the Financial Mechanisms' management system and programmes' complementarity. The evaluation reviewed economy, efficiency and effectiveness of the Financial Mechanisms' management system, and identified programmes' complementarity with other foreign financial sources.

Donor state requirements regarding development of national regulatory framework for Financial Mechanisms

During the current period (2009 – 2014) the Financial Mechanisms had more emphasis upon strategic approach in order to increase the role of the National Focal Point in monitoring of programmes' objectives and decrease Donors' (FMO's) role in project administration. Donor states (Norway, Iceland and Liechtenstein) requirements for preparation of the national regulatory framework for implementation of the Financial Mechanisms correspond to the principles of sound financial management. However, in the future the proportionality of internal and external regulations *vis a vis* available financing should be reviewed along with the requirements for specific programme implementation stages: e.g., selection of Predefined Projects, reporting on irregularities, financial corrections for irregularities, and recovery, withholding and write off of irregular payments. It is recommended to review the responsibilities of the FMO and the National Focal Point with regard several management and monitoring aspects in order to fully implement the strategic approach and to strengthen the strategic role of the National Focal Point.

Programme Bilateral Funds

In general, implementation of the Programme Bilateral Funds is well recognised praxis. However, introduction of the Programme Bilateral Funds in 2009 – 2014 period was a new incentive, therefore lack of experience, unclear restrictions for implementation of the Funds initially were noted as limiting factors to the implementation of this instrument. Due to the specifics of the programme, another limiting factor was the capacity and language skills of the Project Promoters – the NGOs – which affected the implementation of the Fund. The main problems were confusion in the preparatory and initial implementation stages of the programmes, since the institutions did not understand the planning and use of these funds. The survey respondents highly appreciated strategic directions received from the Programme and Steering Committees, and directions from the Donor Programme Partners. Implementation of the Programme Bilateral Funds was delayed by the Donor Programme Partners' response – they were affected by the high demand from the Beneficiary states of the Financial Mechanisms; the Donor states were not prepared for such situation. The institutions involved in programme implementation rated proportionality of the invested resources with regard to the Programme Bilateral Funds results as good.

Functions of the National Focal Point

The National Focal Point has implemented its functions in line with the regulatory framework. Evaluation of the functions performed by the National Focal Point does not reveal that any of these have created additional administrative burden, implementation

of these functions correspond to the principles of economy, efficiency and effectiveness. On specific occasions, role of the National Focal Point in implementation of the Management and Control System is considered formal. Strengthening of the strategic role of the National Focal Point would permit more efficient implementation of its functions, but it depends largely upon review of the Donor States requirements and decreased involvement in operational control and monitoring of the Financial Mechanisms. Lack of operational level employees assigned with responsibilities and competences for the programming of the Financial Mechanisms in the EU Structural Funds Strategy Department is considered as a limitation.

The National Focal Point along with the POs noted that the regulatory framework (internal and external documents) in relation to the available financing (less than 70 MEUR) is inadequate. The regulatory framework for administration of 4.53 billion EUR of EU funds in 2007 – 2013 period was similar, to give a comparison. There are indications about additional administrative burden in specific programme implementation stages: elaboration of normative documents for implementation of the programmes and inadequate requirements for reporting of irregularities.

Involvement of the Programme Operators, Agencies and the National Programme Partner in programmes' preparation and implementation

The evaluation of programmes' implementation and monitoring stages highlights the need for the line ministries to focus upon improvement of the quality of the result evaluation systems and competences for evaluation of results. The policy planning and implementation should be separated, e.g., the project level management and monitoring should be delegated to the Agencies. Main criticism has been expressed regarding the lengthy process of programmes' preparation and coordination, which delayed announcement of the project calls and left relatively short time for projects implementation, thus creating risks to projects' implementation.

Requirements for preparation and submission of project applications

Analysis of requirements for preparation and submission of project applications shows that these requirements are relevant. Only in some cases they have created additional administrative burden for project promoter. The requirements are fully in line with the principles of efficiency, and largely in line with the principles of economy and effectiveness. Key issues that need to be addressed are related to preparation of project applications, preparation of budget, attraction and involvement of Donor Project Partners and submission of project applications.

Evaluation criteria of project applications, selection and approval of project applications and project contracts

Evaluation of available financing under each programme and number of supported projects under each project selection round demonstrates that fragmented project selection ways do not correspond to the principles of effectiveness and economy. They require large resources from the project applicants for preparation of project applications, as a result inadequately high number of project applications in relation to the available financing is submitted under the call. This is particularly relevant in cases where only 10 projects have been approved under the open call for proposals or under the Small Grant Scheme. National and institutional internal project evaluation systems are heavier than the Donors' requirements for the evaluation process and create administrative burden. In most programmes evaluation of the Predefined Projects was formal and counterproductive, since the POs defined too many formal

evaluation criteria and too bureaucratic procedure at the national level. Coordination and approval of several programme proposals and national regulations on Programmes was delayed, therefore no time reserve was left for improvement of the implementation plan, budget or any other implementation aspect of the Predefined Projects. The Predefined Projects had to be approved in the quality as they were in order to leave sufficient time for implementation, since the final project implementation deadline was approaching.

Timeliness of payments, identification of irregularities and use of financial corrections

Payments are made in a timely manner and there are no substantial barriers or problems that could affect timeliness of payments; neither these have caused administrative burden. Administrative burden for institutions involved in implementation of the Financial Mechanisms is created by the Donor State requirements regarding reporting of irregularities and re-use of financing what has been generated from irregularities under the programme. This process does not correspond to the principles of efficiency, and further improvements are required in order to define the irregularities and amount from which the irregularity reports should be submitted for the irregular payments.

Monitoring requirements and process

With regard to the project monitoring requirements and process, it is recommended to review the requirements for preparation of project reports and supporting documents, the number of documents to be submitted should be decreased. Cooperation between the Project Promoters and the POs/Agencies should be improved – cooperation should be supportive to project implementation rather than controlling.

Mutual complementarity of the Financial Mechanisms programmes and possibilities for implementation of the programmes from other financial sources

Several programmes of the Financial Mechanisms are mutually complementary, since they are aimed at achievement of the common objectives and provide joint impact upon interconnected target groups. The Project Promoters have good and average possibilities to receive financing for implementation of similar activities from other financial sources.