

**Republic of Latvia  
Ministry of Finance (National Focal Point)  
Financial Instruments Coordination Department**

***Annual report on the implementation  
of the Norwegian financial  
mechanism in Latvia  
November 2004 - November 2005***

**Riga, November 2005**

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## **Introduction**

According to Article 5 of the Memorandum of Understanding on the implementation of the Norwegian financial mechanism 2004 - 2009 (hereinafter – the MoU) as well as Article 3.3 of the Beneficiary State monitoring and reporting guidelines, Ministry of Finance, acting as National Focal Point (hereinafter – the FP) for the implementation of the Norwegian financial mechanism (hereinafter – the financial mechanism) in Latvia, prepared the *Annual report on the implementation of the Norwegian financial mechanism in Latvia November 2004 - November 2005*.

The document aims to present the process of the preparation and the implementation of the financial mechanism in Latvia, displays actual state of preparations and describes activities planned for the next reporting period: December 2005 – November 2006.

This document will be discussed during annual meeting with the donor-state – Kingdom of Norway, planned for December 7, 2005. According to the MoU before submission to the donor-state, the report has to be approved by the Monitoring Committee for the Norwegian financial mechanism and the European Economic Area financial mechanism. However, due to the fact, that the first Monitoring Committee will not be held before the submission date of the annual report to the donor-state, this document has been approved by the Head of the FP – the State Secretary of the Ministry of Finance.

*Preparation to the implementation of  
the financial mechanism*

## 1. Preparation to the implementation of the financial mechanism

On November 16, 2004 Latvia has signed the MoU with Norway on the granting the funds through the Norwegian financial mechanism. By signing the MoU for the Norwegian financial mechanism, established under the Agreement between Kingdom of Norway and European Community, 34 020 000 EUR will be made available for Latvia to finance projects in sectors stated in Annex B and C of the MoU.

In order to make decision on distribution of the grants by the priority sectors, Latvian Line ministries responsible for the respective priority sector were asked to give estimation on the activities they and institutions under their supervision are planning to implement within the priority sectors of the Norwegian financial mechanism and the EEA financial mechanisms (hereinafter both together – the financial mechanisms). After evaluation of the information presented by the Line ministries the FP drew up the indicative percental breakdown of the priorities (see Appendix 1). Based on this information the FP will further prepare and submit for approval in the Monitoring Committee the breakdown of grants by priorities separately for each financial mechanism.

The informative bulletin on the financial mechanisms containing the indicative percental breakdown table was prepared and sent to the Prime Minister, who then officially informed the Line ministries about the informative bulletin on January 2005. From the data in Appendix 1 it can be seen, that main priorities in Latvia are *Regional policy and development of economic activity* with almost 18% of total available grants from the financial mechanisms, *Judiciary* with almost 15%, *Protection of the environment* with almost 12%, *Human resource development and education* with almost 11% and *Sustainable development and Health* each with almost 10%.

During the year 2005 the FP has put most input into the elaboration of the “*Rules on the European Economic area financial mechanism’s and the Norwegian financial mechanism’s management, implementation, monitoring, control and evaluation system*” (thereof – the Internal rules) which will regulate the management of funds in Latvia. At January 2005 first draft version of the Internal rules were made in the Ministry of Finance. Since then the FP has held several internal meetings with participants from State treasury (Paying Authority), Central Finance and Contracting Agency, Budget Department, Internal audit Department and Legal Department of the Ministry of Finance, as well as external meetings with all involved Line ministries and representatives from the FMO. The Internal rules have been also consulted with NGO umbrella organization “Latvian Civil Alliance” and social and economic partners. The Internal rules have been approved in the Cabinet of Ministers on November 8, 2005 (see Appendix 2). The Internal rules determine:

- management, implementation, monitoring, control and evaluation arrangements of the financial mechanisms;
- parties involved in the management of the financial mechanisms and their rights and obligations;
- types of projects to be implemented, procedures of their review, approval and implementation.

At the same time as the Internal rules were elaborated, the Ministry of Finance also was working on another legislative act - "*Procedure for planning the State budget resources for the implementation of projects financed from the European Economic Area financial mechanism and the Norwegian financial mechanism and managing of payments*", which is planned to be approved in the Cabinet of Ministers at the end of 2005. These Cabinet of Ministers rules will determine procedure for:

- planning the State budget resources for the implementation of Individual projects, Programmes and Block grants financed from the financial mechanisms;
- preparation of the budgetary requests by Ministries and other central state institutions for projects financed from the financial mechanisms for the current planning year and for long-term liabilities;
- administration of the payments.

Progress has been made towards publicity measures of the financial mechanism. The separate web page – [www.eeagrants.lv](http://www.eeagrants.lv) is designed for the financial mechanism, which consist of following topics:

- Basic information;
- News;
- Documents;
- Application form;
- Priority sectors;
- Contacts;
- Open call;
- Links.

Web page is available in Latvian and English as well. All the approved financial mechanism's guidelines, guides, the MoU, Rules and procedures have been translated into Latvian and can be downloaded from the web page.

***Progress made towards the projects  
selection***

## 2. Progress made towards the project selection

According to *Rules and Procedures for the implementation of the Norwegian financial mechanism* adopted on 02.07.2004 there are different types of project assistance: Individual projects, Programmes, Block grants and Specific forms of grants assistance. Latvia has started to plan distribution of available funds between these types of project assistance. This was done taking into account advice made to the beneficiary states in the monthly newsletter of the FMO “The Grants” published on July 2005, where clear message was given that “at least 60 percent of the funds made available through the two financial mechanisms should go to Individual projects”.

All Individual projects in Latvia will be select through Open calls. The first Open call in Latvia is planned to be held at the begging of the next year – 2006. Initially the first Open calls were envisaged to be announced in September 2005, but due to the unpredictably time consuming harmonization process of the Internal rules with the FMO, donor-states and involved institutions of Latvia, it got postponed simultaneously with postponement of the approval of the Internal rules in the Cabinet of Ministers. Publications of Open calls will be placed in the official newspaper of Latvia “Latvijas Vestnesis” and two biggest Latvian newspapers, as well as in the official web page of the financial mechanism [www.eeagrants.org](http://www.eeagrants.org), in the Latvian financial mechanism’s web page [www.eeagrants.lv](http://www.eeagrants.lv) and in the web page of the ministry responsible for the particular priority sector. Before publication of Open calls a text and a publication procedure will be agreed on with the FMO and donor-states. The period of submission of projects` applications is planned two to three month long. The further selection process of Individual projects is shown in the scheme below:



1) For each priority sector there is a responsible Ministry - Intermediate body, appointed, presented in the Table 1. Individual project’s application has to be submitted to the respective Intermediate body responsible for the priority sector for which the applicant wishes to apply.



Table 1

<b>Priority sector</b>	<b>Intermediate body</b>
Protection of the environment	Ministry of Environment
Sustainable development	Ministry of Environment
Conservation of European heritage	Ministry of Culture
Health	Ministry of Health
Children with special needs	Ministry of Children and Family Affairs
Human recourse development and education	Ministry of Education and Science
Schengen	Ministry of the Interior
Judiciary	Ministry of Justice
Regional policy and development of economic activity	Ministry of Regional Development and Local Governments
Cross border activities	Ministry of Regional Development and Local Governments
Academic research	Ministry of Education and Science
Technical assistance	Ministry of Justice

2) Intermediate body establishes and manages the Evaluation commission, which is responsible for the evaluation of project applications. The commission includes representatives from competent Ministries. Representatives with observer rights from NGOs, the FMO and the FP may participate as well. The Evaluation commission evaluates applications accordingly to administrative (see Annex 1 from Appendix 2), qualitative (see Annex 2 from Appendix 2) and if necessary - specific evaluation criteria (might be determined by each Intermediate body separately) and arranges them in priority order accordingly to valuation gained in the evaluation process. The Evaluation commission makes the decision either to send the application back to the promoter, if application is not in compliance with one or more administrative criteria, or to submit the application to the Steering committee and to the FP for further appraisal and evaluation.

3) The FP collects applications and submits them for appraisal to the Steering committee. The Steering committee reviews applications and submits them to the FP for approval, if they are suitable for the financial instruments, or rejects them. Based on the Steering committee's recommendation, the FP makes the decision on approval or rejection of the application.

4) Approved applications together with the FP's recommendations are sent for further evaluation to the FMO, the European Commission and to the donor states.

As regards Programmes and Block Grants, the FP continues to work in close cooperation with all involved Line ministries on proposals of possible Programmes and Block Grants which could be launched in Latvia in the year 2006.

*Specific forms of grant assistance*

### 3. Specific forms of grant assistance

Annex C of the MoU sets Specific forms of grant assistance determined for the financial mechanism in Latvia and they are as follows:

- NGO grant scheme;
- Scholarship grant scheme;
- Technical assistance fund;
- Seed money grant scheme;
- Short term expert fund.

**NGO grant scheme** will support non-governmental, non-profit organizations that promote issues in the public interest. It could support the strengthening of NGOs as an active partner in the public debate and the involvement of NGOs in areas related to Annex B as well as the decision-making process of projects. Special attention will be given to fostering sustainable development in all areas defined in Annex B.

Three meetings in Riga and one seminar out of capital city were held with NGOs about the establishment of NGO grant scheme in Latvia. In the meetings which took place in the Ministry of Finance there were participants from different NGO's organizations (Public politics center PROVIDUS – [www.politika.lv](http://www.politika.lv), Latvian indigo children education center LIBIC – <http://www.geocities.com/jaunalaikmetaberni/>, Transparency International Latvia – [www.delna.lv](http://www.delna.lv), Latvian adult education association – [www.laea@laea.lv](mailto:www.laea@laea.lv), Baltic-American partnership programme – [www.bapf.lv](http://www.bapf.lv), Public organization DIA+LOGS, Latvian gender equality organization, Center MARTA – [www.marta.lv](http://www.marta.lv), World wildlife fund – [www.wwf.lv](http://www.wwf.lv), The Social integration foundation - [www.lsif.lv](http://www.lsif.lv), Soros foundation Latvia – [www.sfl.lv](http://www.sfl.lv), Community initiative center- [www.iniciativa.lv](http://www.iniciativa.lv)) and also three umbrella NGO's organizations - Latvian Civil Alliance, Latvian pensioner federation and Agriculture organizations cooperation council ([www.losp.lv](http://www.losp.lv)).

In the common discussions at the above mentioned meetings there were several requirements set out for NGO grant scheme's Intermediary in Latvia by NGO representatives such as:

- **Transparency:** Intermediary has overall society trust, which is demonstrated by successful work with different financial mechanisms, meaning work in grant scheme's management and monitoring as well as in the management of other grants;
- **Independent decision making:** Intermediary is politically independent and can guarantee, that his decisions are taken independently and objectiveness is guaranteed, and if necessary he can account for taken decisions;
- **No conflict of interests' situations:** Intermediary shall not participate in Open calls announced within the grant scheme or shall not make activities, which create possible conflict of interests' situations;
- **Administrative costs:** they should be adequate to the sum which has to be managed;
- **Experience in the administration of foreign funds:** experience in working with NGOs specific grant administration;
- **Thematically wide areas managed:** utilization of NGO grant scheme's funding can not be restricted based on Intermediaries former experience;

- **Independent observer:** in the Monitoring committee's structure of NGO grant scheme independent observer (from abroad or local) have to be included; the committees' meetings are open, the observer has no voting rights;
- **Evaluation of projects:** it is necessary to establish a special evaluation of projects' effectiveness division, which evaluates effectiveness of projects and its adequacy in the evaluation process of projects and after projects are implemented.

Main questions discussed in the NGOs meeting regarding information which has to be included in the NGO grant scheme's application were:

- What will be minimal and maximal amount of one sub-project?
- How many Open calls have to be made?
- What will be main priorities and how much financing has to be allocated for each of them?
- How should be in-kind contribution's value calculated?
- Should a separate evaluation commission be established for evaluation of the financial mechanism's projects?
- What will be the administrative costs? Is it possible to set aside 10% for administrative costs within the NGO grant scheme as it would be adequate percentage for successful running of mentioned grant scheme?

As the result of the discussions the Social Integration Foundation was recommended as Intermediary for NGO grant scheme in Latvia, taking into account Social Integration Foundation's main aim to support various aspects of society integration including support to NGO's by managing grant schemes to support state, municipal and NGO's projects, experience obtained and compliance with the requirements of the sound financial management and other requirements set out by NGO representatives. The total amount of NGO grant scheme is 10% from the both financial mechanisms' recourses available for Latvia (see Table 2).

**Scholarship grant scheme** will be developed to support cooperation between the relevant educational institutions in the Republic of Latvia and the EEA EFTA States in key areas defined in Annex B to the MoU. Such cooperation will include creating opportunities for Latvian students, lecturers and experts of secondary schools, high schools and universities to study or receive training in the EEA EFTA States. As the responsible institution for Scholarship grant scheme in Latvia is set the Ministry of Education and Science<sup>1</sup>. The FP in November, 2005 has received from the mentioned Ministry a short description of Scholarship grant scheme (see Appendix 3). The total amount of Scholarship grant scheme is 3% from the both financial mechanisms' recourses available for Latvia (see Table 2).

**Technical assistance fund** includes measures relating to information on and promotion of using funds from the financial mechanism, preparation of technical documentation, translation of documents, assistance of experts and advisors, and support for particular activities managed by the FP in compliance with the financial mechanism's *Rules and Procedures*. The Ministry of Finance will take on

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<sup>1</sup> This institution provides Intermediary functions itself or is responsible for selection of an Intermediary by arraiging competition procedure.

responsibilities of Intermediary for this particular grant scheme. The total amount of Technical assistance fund is 2.5% from the both financial mechanisms' recourses available for Latvia (see Table 2). According to the latest information received from the FMO Technical assistance fund could be prepared within the framework of Individual projects, such approach will be finalized in a close cooperation with the FMO.

**Seed money grant scheme** will focus on technical assistance in the development of project applications, which will be presented for co-financing from the financial mechanism particularly within target areas defined in Annex B to the MoU. The Social integration foundation is also proposed to manage Seed money grant scheme in Latvia. The total amount of the Seed money fund is 1% from the both financial mechanisms' recourses available for Latvia (see Table 2). Seed money grants provided from the Seed money grant scheme will be in the range from 5 000 to 20 000 EUR per sub-project.

**Short term expert fund** will support co-operation and transfer of knowledge between entities or persons in the Republic of Latvia and the Kingdom of Norway, especially on exchange of experience in areas stated in the Annex B to Norwegian MoU. The co-operation will be conducted at all administrative levels (state, regional and local self-government), state institutions, universities and schools, professional chambers and unions and non-governmental non-profit organizations. As the responsible institution for Short term expert fund in Latvia is set the Ministry of Regional policy and development of economic activity<sup>1</sup>. The FP in October, 2005 has received from the mentioned Ministry a short description of Short term expert fund (see Appendix 4). The total amount of Short term expert fund is 3.5% from the Norwegian financial mechanism's recourses available for Latvia (see Table 2).

*Table 2*

Title	Certain % for the Specific form	Financing available for the Specific form from the Norwegian financial mechanism (EUR)	Total financing from both financial mechanisms available for the Specific form (EUR)
NGO grant scheme	10	3 134 943	4 973 132
Scholarship grant scheme	3	940 483	1 491 940
Technical assistance fund	2,5	783 736	1 243 283
Seed money grant scheme	1	313 494	497 313
Short term expert fund <sup>2</sup>	3,5	1 097 230	1 097 230
<b>Total</b>	<b>18,7</b>	<b>6 269 886</b>	<b>9 302 898</b>

<sup>1</sup> This institution provides Intermediary functions itself or is responsible for selection of an Intermediary by arraigning competition procedure.

<sup>2</sup> This Specific form of grant assistance is not financed by the EEA financial mechanism.

*Legal issues concerning  
implementation of the financial  
mechanism*

#### **4. Legal issues concerning implementation of the financial mechanism**

While elaborating the Internal rules the FP met with some difficulties related to Latvian legislation. There were few cases where it was not possible to fulfil the wishes of the FMO and donor-states due to specifics of Latvian legislation.

To start with - as per *Programme* and *Block grant guidelines`* point 1.2 eligible applicants for the role of Intermediary can be public or private sector bodies and NGOs constituted as legal entities in the beneficiary state. The Republic of Latvia "State Administration Structure Law" paragraph 41 determines that a public body can not delegate to a private body the issuance of administrative acts. Administrative act within the meaning of this law is the act which addresses the third person – private person. According to *Programmes (group of projects) guidelines`* point 2.1 - "if the Programme is approved, the Programme Intermediary will proceed to select the component projects making up the Programme" and *Block grants guidelines`* point 2.1 - "if the FMC and/or Norwegian Ministry of Foreign Affairs approve the Block grant, the Block grant Intermediary will proceed to select the sub- projects", which means Intermediary of Programme or Block grant will have the rights to reject or approve component projects/sub-projects, respectively he will issue administrative acts. Considering the provisions of Latvian legislation, the FP concluded that it is not possible in Latvia to allow non-governmental/private bodies to act as Intermediaries.

To continue with – in previous written correspondence and meetings with FMO there were discussions on Open calls publications in Russian language media additionally to State language media. However, in accordance with Latvian legislation, particularly, "Official language law" paragraph 21, point 1 and 4 and the Cabinet of Ministers "Rules on the use of language in information" paragraph 2, the only official state language in Latvia is Latvian language. Furthermore, to set in the Rules the requirement for Open calls to be published in other than the national state language is not allowable according to the national legislation. Although, we have no doubts that in the case of particular priorities like "Strengthening of civil society and society integration in accordance with the priorities set out in the national programme for civil society development, including language training" and in order to reach the objective of the priority sector, it would be relevant to place tenders also in specialist publications in Russian media, but this could be agreed upon in the later financial mechanism's implementation stage.

In the nearest future one more specific legal issue relating to the implementation of the financial mechanism is likely to appear. Before the first Open calls are launched in Latvia, Open calls` guidelines should be elaborated for each Open call in particular priority sector. Due to the current changes in Latvian legislation these Open calls` guidelines should be approved at the level of Cabinet of Ministers as the Rules (regulations) if they will contain specific evaluation criteria which are not determined in the Internal rules. That is because Open calls` guidelines is the normative act which determines criteria by which third persons can be influenced by approving or rejecting the project application, meaning that administrative acts are issued based on requirements set out in Open calls` guidelines. In compliance with the "Structure of Cabinet Law" paragraph 15 if a State institution (in our case the Line ministry –

Intermediate body) is issuing administrative act, it can be based only on the Rules (regulations) as minimum.



*Managerial set-up in Latvia*

## 5. Managerial set-up in Latvia

The managerial set-up for the implementation of the financial mechanism in Latvia is set out in Annex A to the MoU and also in the Internal rules.

### 1. Structures to manage the Financial mechanism in Latvia

#### THE FOCAL POINT

In accordance with the MoU the FP is the Ministry of Finance (see the structure of the Ministry of Finance in Appendix 5). The Internal rules define following main tasks of the FP:

- ensuring the signing of the Grant agreement;
- establishment and management of the Monitoring committee and the Steering committee;
- decision making on the Individual projects, Programmes and Block grants applications reviewed in the Steering committee (before submission to the FMO);
- collection and submission of project applications to the FMO accompanied by the reasoned opinion;
- management and implementation of the projects;
- ensuring and controlling the effective use of received resources;
- reporting on detected irregularities, disruptions and frauds to the FMO;
- audit trail accomplishment in engaged institutions;
- approval of payment claims and progress reports submitted by the Central Finance and Contracting Agency before sending them to the Paying Authority;
- sending annual monitoring report on projects to the FMO about financial mechanism financed projects realization;
- providing availability of information and publicity about received finances.

Operation of the FP is provided in the Ministry of Finance by the following structural units:

- *Financial Instruments Coordination Department;*
- *Internal Audit Department.*

The responsibilities and obligations of the structural units in relation to the management of the financial mechanism are stipulated in the statutes of the units.

Some of the functions of the FP are delegated to **the Central Finance and Contracting Agency** which is responsible for:

- signing a Cooperation agreement with the respective Intermediate body and with Finance receiver on implementation of Individual project, with Programme Intermediary on implementation of Programme and with Block grant Intermediary on implementation of Block grant;
- monitoring of Individual projects, Programmes and Block grants implementation in accordance with the signed Cooperation agreements;
- providing information to the FP on detected irregularities during the implementation of the projects;
- reviewing of the received summary of accounts supported by relevant document, that certifies fulfilment of payment rules, progress reports;

- verification of payment claims on Finance receivers made expenses;
- submission of payment claims and the Head of the FP verified progress reports to the Paying Authority.

The Central Finance and Contracting Agency is a state institution under supervision of the Ministry of Finance. The Agency is responsible for ensuring the administration of the foreign funds allocated to Latvia.

According to the provision laid down in the MoU **the Paying Authority** is the Treasury. The Internal rules delegate the following responsibilities for the Treasury:

- management of the accounts on which grants from financial mechanism is kept;
- ensuring the reimbursement of unused funds or unjustifiably made expenses;
- checking, certification of payment claims together with the Head of the FP verified progress reports and submission of them to the FMO once per quarter;
- making payments after finances have been received from the FMO.

The Treasury is an institution subordinated to the Ministry of Finance, granting allocations and making payments for definite purposes from the state budget revenues, managing state budget execution and accounting, as well as state debt management functions.

## **ADDITIONAL IMPLEMENTATION STRUCTURES**

As regards the additional implementation structures listed in the MoU, the tasks of **Intermediate Bodies** have been entrusted to the line ministries responsible for each priority sector. The responsible ministries are listed in the Page 9.

The Intermediate bodies are responsible for:

- delegation of representatives for participation in the Steering committee;
- elaboration of Open calls guidelines and evaluation criteria for selection of applications;
- announcing of open calls for individual projects;
- establishment of evaluation commission for individual projects and relevant mandate's submission to the Monitoring committee for approval;
- review and approval of progress reports;
- submission to the FP of monitoring reports within the particular priority;
- detection of irregularities and reporting on them to the FP;
- submission of proposals for modification of grant agreement to the Monitoring committee;
- inform the society about resources available and projects implemented under the financial mechanism in particular priority.

In accordance with the MoU the Ministry of Finance will establish joint Monitoring Committee and joint Steering Committee for both financial mechanisms. The joint **Monitoring Committee** for the financial mechanisms is made up of representatives with voting rights from the FP, the Central Finance and Contracting Agency, Intermediate bodies and competent Line ministries, councils of planning regions as well as of representatives with observer rights from social and economic partners and NGOs. The main objective of the Monitoring Committee is to monitor project implementation within the framework of both financial mechanisms, including making decisions about reallocations of resources among different priorities. Annual

reports and periodical information of using financial resources approved by the Monitoring Committee will ensure appropriate direction of grant assistance committed by the donor-states.

The first meeting of the Monitoring Committee will be held on December 2005 after the involved institutions will make appointment of the Monitoring Committee members. During the first meeting of the Monitoring Committee, apart from the adoption of the statutes of the Monitoring Committee, the members will also discuss the breakdown of the financial mechanism's funds by priorities.

The joint **Steering Committee** constitute as an important element in appraisal and selection of the projects. It is made up of representatives with voting rights from the FP, the Central Finance and Contracting Agency, Intermediate bodies and competent Line ministries, councils of planning regions as well as of representatives with advisory rights from social and economic partners and NGOs. The tasks of the Steering Committee include giving an opinion and making recommendations to the FP, on the list of eligible projects for support within the financial mechanism. The list is submitted to the members of the Steering Committee by the Evaluation commission of Intermediate body.

The first meeting of the Steering Committee will be held at the same time as the Monitoring Committee after the involved institutions will make appointment of the Steering Committee members. During that session, apart from the adoption of the statutes of the Steering Committee, members will also discuss the draft of guidelines on Individual projects' Open calls.

## **2. Formal relationship among all the above mentioned bodies**

In order to lay down the procedures and provisions for fulfilling the functions of the FP, the Central Finance and Contracting Agency and the Paying Authority, it is planned to elaborate the mutually accepted agreement which will be approved by the Head of the FP.

Relationship among the Focal Point (the Central Finance and Contracting Agency), Intermediate bodies, Intermediaries and Final beneficiaries is determined in the Internal rules. After signing the Grant agreement on implementation of the individual project, the Cooperation agreement on the implementation of Individual project is signed by the Central Finance and Contracting Agency, Final beneficiary and Intermediate body. In case of Block grant and Programme, the Cooperation agreement is signed by the Central Finance and Contracting Agency, Intermediate body and Intermediary. The template of the draft Cooperation agreement has to be submitted for agreement to the Steering Committee.

In order to define the responsibilities between Intermediary and Final beneficiary, the Agreement on implementation of component project or sub-project is signed.

### **3. Flow of funds and project cycle after the approval of projects**

The procedure for state budget planning and for making payments for the funds of the financial mechanism is laid down in the draft rules “*Procedure for planning the State budget resources for the implementation of projects financed from the European Economic Area financial mechanism and the Norwegian financial mechanism and managing of payments*” which approval by the Cabinet of Ministers is foreseen at the beginning of the next year.

The FMO makes disbursement to the Paying Authority’s single EUR account held in the Bank of Latvia after approval of the payment claim and the request of funds, submitted by the Paying Authority. The next working day after receipt of statement of account the Paying Authority ensures the funds in the Central Finance and Contracting Agency accounts opened for each financial instrument according to annual *Law on budget* and issues statements of these accounts and submits them to the Central Finance and Contracting Agency.

The Paying Authority based on the Central Finance and Contracting Agency’s payment orders (which were already submitted together with verified payment claims) within 3 working days (in case there is enough appropriation according to the annual *Law on budget*) proceeds payments to the Final beneficiary or Programme Intermediary, or Block grant Intermediary.

According to the agreement between Intermediary and Final beneficiary Intermediary transfers funds to the Final beneficiary (see Appendix 6).

The Final beneficiary is responsible for submission of payment claim (the interim report) with the supporting documents to the Central Finance and Contracting Agency in the case of Individual project or to Intermediary in the case of Block grant or Programme. Within 20 working days of the payment claim receipt Intermediary reviews the submitted payment claim and submits it to the Central Finance and Contracting Agency. Also within 20 working days of the receipt of the payment claims from the Final beneficiary or Intermediary the Central Finance and Contracting Agency verifies and approves the payment claim, prepares payment order and submits it to the Treasury. The Treasury following the provisions stated in the guidelines for implementation of the financial mechanism requests the financing from the FMO.

The reporting and monitoring system of the projects financed under the financial mechanism has been also described in the Internal rules.

*Public awareness*

## 6. Public awareness

General publicity measures and information activities carried out in Latvia within the reporting period are presented in the table below:

No	Type of activities undertaken	Time (2005) and short description	The target group (s) for activities	Result of impact
1.	Web page	<p><i>January</i> Information about the financial mechanism placed in Latvian/English in existing Web page <a href="http://www.esfondi.lv">www.esfondi.lv</a></p> <p><i>July</i> New web page <a href="http://www.eeagrants.lv">www.eeagrants.lv</a> designed specially for EEA and Norwegian financial mechanisms and information in Latvian/English about the financial mechanism placed in</p>	General public	<ul style="list-style-type: none"> <li>• Number of calls received at the FP has decreased;</li> <li>• Possibility to offer people to get more detailed information after talks on phone, meetings and seminars;</li> <li>• Latest information accessible for all institutions involved in management of the financial mechanism.</li> </ul>
2.	Meetings	<p><i>March</i> Discussions with possible Seed money and NGO fund Intermediary</p> <p><i>April/May</i> Meetings with Regional representatives from planning regions</p>	<p>Social Integration Foundation</p> <p>Ministry of Regional Development and Local authorities, Regional representatives from 5 planning regions</p>	<ul style="list-style-type: none"> <li>• Possible Seed money and NGO fund Intermediary has been determined.</li> <li>• A separate working group has been established to deal with issues related to priority “Regional policy and development of economic activity”;</li> <li>• Main programming framework set out for particular priority;</li> <li>• Regional representatives have been informed about the financial instrument and latest news related to it.</li> <li>•</li> </ul>

		<p><i>June</i> Meetings with NGO representatives and social and economic partners</p>	<p>Latvian Employers' Confederation, Free Trade Union Confederation of Latvia, NGO umbrella organization</p>	<p>Social and economic partners and NGO's have been informed about:</p> <ul style="list-style-type: none"> <li>• the financial instrument;</li> <li>• the necessity in future to delegate their representatives for the Monitoring and the Steering Committees.</li> </ul>
		<p><i>June</i> Baltic States meeting in Latvia about the financial mechanism implementation's success in each country</p>	<p>Latvian FP, Lithuanian FP and Estonian FP</p>	<ul style="list-style-type: none"> <li>• Exchange of experience about setting up system for implementation of the financial mechanism in each country, similarities and differences discovered;</li> <li>• Agreement on further cooperation in similar issues for all countries regarding implementation of the financial mechanism in Baltic States.</li> </ul>
		<p><i>July</i> Meeting with Line ministries on current issues about the financial mechanism</p>	<p>Line ministries</p>	<ul style="list-style-type: none"> <li>• Line ministries start to outline planned Programmes and Block Grants.</li> </ul>
		<p><i>July</i> Three meetings with NGO representatives on establishment of the NGO fund and determination of possible Intermediary</p>	<p>NGO's</p>	<ul style="list-style-type: none"> <li>• NGO's have been informed about their opportunities within the financial mechanism;</li> <li>• Main criteria for the successful NGO fund's Intermediary have been defined;</li> <li>• Agreement on the Social Integration Foundation's approval as NGO fund's Intermediary</li> </ul>



				has been reached.
3.	Seminars	<i>August</i> “1st Summer academy” in Sigulda on different issues related to NGO`s activities in Latvia, int. al., the financial mechanism and the NGO fund. It was organized by main Latvian NGO`s umbrella organization “Latvian Civil Alliance”	NGO`s	<ul style="list-style-type: none"> <li>• NGO`s have been informed about their possibilities within the financial instrument;</li> <li>• Discussions about NGO fund have been commenced.</li> </ul>
		<i>September</i> Seminar in the Ministry of Finance about Application form, Eligible expenditures and Disbursements	Line ministries, regional representati ves and possible Intermediari es of Specific forms of grant assistance	<p>Participants have been informed about:</p> <ul style="list-style-type: none"> <li>• how to fill in Application form;</li> <li>• what are eligible and non-eligible expenditures under the financial mechanism;</li> <li>• how the disbursements should be planned.</li> </ul>
4.	Media	A phone interview given for the journalist from Russian newspaper “Bizness un Baltija” about the financial mechanism	General public	<ul style="list-style-type: none"> <li>• On 2.03.2005 in the Russian newspaper “Bizness un Baltija” an article has been published about the financial instrument.</li> </ul>

*Planning for the following year*

### 7. 1. Planning for the following year: the work plan 2006

Latvian action plan for January 2005 – November 2006 is presented in the table below:

Scope	Task	I quarter 2006	II quarter 2006	III quarter 2006	IV quarter 2006
Programming the use of financial resources	Preparation and approval of Individual projects Open calls guidelines	X			
	Preparation and submission of Programmes and Block grants	X	X		
	Selection of the NGO representatives for the Steering Committee and the Monitoring Committee through an open competition	X			
	Preparation of the application for NGO grant scheme in close cooperation with NGO representatives	X	X		
	Preparation of the applications for other Specific forms of grant assistance from Annex C	X	X		
Building the implementatio n system	Selection of Intermediaries for Scholarship grant scheme and Short term expert fund	X			
	Preparation of the cooperation agreement between the Central Contracting and Finance Agency, respective Intermediate body and Project Promoter				X
	Approval of " <i>Procedure for planning the State budget resources for the implementation of projects financed from the European Economic Area financial mechanism and the Norwegian financial mechanism and managing of payments</i> " in the Cabinet of Ministers	X			

Calls for proposals	First Open calls for Individual projects	X	X		
	Evaluation of projects from the first Open calls for Individual projects		X	X	
	Open calls for proposals under the approved Programmes and Block grants				X
	Open calls for proposals under Specific forms of grant assistance from Annex C				X
Promotion and information	5 regional seminars	X			
	Co-operation with media	X	X	X	X
	Current updating and build-up of the website <a href="http://www.eeagrants.lv">www.eeagrants.lv</a>	X	X	X	X
	Print – out of promotional materials			X	

## 7. 2. Planning for the following year: the audit plan 2006

Latvian audit plan for January 2005 – November 2006 is presented in the table below:

No.	The auditor		Time of audit		Title of audit
1.	Ministry of Finance	Internal audit department, Audit division of EU financed programmes and projects	01.07.2006	30.09.2006	System audit of the Norwegian financial mechanism in the Central Finance and Contracting Agency
2.	Ministry of Finance	Internal audit department, Audit division of EU financed programmes and projects	01.10.2006	30.11.2006	On the spot checks of the Norwegian financial mechanism projects` expenditures
3.	Ministry of Finance	Internal audit department, EU financed programmes` system evaluation division	17.07.2006	08.09.2006	System audit of the Norwegian financial mechanism`s management, implementation and monitoring in the Ministry of Finance

## Conclusions

All the action of the FP and other institutions responsible for the implementation of the financial mechanism in Latvia undertaken in the reporting period from November 2004 till November 2005 were concentrated on the preparations of the Internal rules, building up implementation system and launching promotion and information activities. The need to conduct wide consultations over drafts of the Internal rules with all the interested parties, ongoing preparatory work on the side of the donor-states (preparations of new guidelines) as well as initially modest staff determined relatively long programming period of the use of financial resources under the financial mechanism.

The implementation phase had begun only by the end of this reporting period thus it has not been possible to assess the implementation of the financial mechanism and reaching the objectives of the financial mechanism. Also cross-cutting issues such as sustainable development, gender equality, good governance or bilateral co-operation will be subject of the future reports.

Despite the necessity to continue programming and system work, actions of the institutions involved in the financial mechanism in the next reporting period will be concentrated on tasks related to the Open calls, appraisal and selection of the projects and in the next time perspective monitoring, control and audit of implemented projects.

## Appendix 1

**Indicative percental breakdown of grants available from the booth financial instruments**

Latvian priorities	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2005-2009
1. Protection of the environment	3.380	11.942	11.705	10.332	21.418	<b>11.764</b>
2. Sustainable development	8.156	8.382	8.155	9.310	19.279	<b>9.764</b>
3. Conservation of European heritage	3.202	5.683	6.226	7.106	12.946	<b>6.764</b>
4. Health	0.000	8.840	11.891	12.309	9.814	<b>9.764</b>
5. Children with special needs	3.100	3.483	3.596	4.104	4.174	<b>3.701</b>
6. Human resource development and education	13.739	8.704	9.611	10.502	16.698	<b>10.764</b>
7. Schengen	15.320	11.984	4.324	2.825	4.130	<b>7.127</b>
8. Judiciary	30.618	19.418	10.566	11.032	8.137	<b>14.764</b>
9. Regional policy and development of economic activity	14.941	15.901	22.964	23.776	0.000	<b>17.764</b>
10. Cross border activities	2.742	3.671	9.456	7.255	1.575	<b>5.764</b>
11. Academic research	1.449	0.626	0.647	0.697	1.385	<b>0.900</b>
12. Technical assistance	3.352	1.365	0.858	0.752	0.443	<b>1.162</b>

## Appendix 2

### **Rules on the European Economic Area Financial mechanism's and the Norwegian Financial mechanism's management, implementation, monitoring, control and evaluation system.**

#### **1. Overall questions**

1. The rules determine the European Economic Area (hereinafter – EEA) Financial mechanism's and the Norwegian Financial mechanism's (hereinafter – Financial mechanisms) management, implementation, monitoring, control and evaluation arrangements, in Financial mechanisms' management involved parties, their rights and obligations, types of projects to be implemented, procedure of review, approval and implementation for these projects.

2. Selection of projects, allocation and utilization of Financial mechanisms' finances is done accordingly to:

2.1. the Law about the Agreement on the participation of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic in the European Economic Area made on April 7, 2004;

2.2. requirements set in the Republic of Latvia normative acts in the government purchase, budgetary and financial control areas;

2.3. Memorandum of understanding on the implementation of the European Economic Area Financial mechanism for the period 2004-2009 between the Republic of Iceland the Principality of Liechtenstein, the Kingdom of Norway and the Republic of Latvia, which has been approved on November 16, 2004 by the Cabinet of Ministers Rules` Nr.948 “About Memorandum of understanding on the implementation of the European Economic Area Financial mechanism for the period 2004-2009 between the Republic of Iceland, the Principality of Liechtenstein, the Kingdom of Norway and the Republic of Latvia”;

2.4. Memorandum of understanding on the implementation of the Norwegian Financial mechanism for the period 2004-2009, which has been established in compliance with the Agreement of 14 October 2003 between the Kingdom of Norway and the European Community on a Norwegian Financial Mechanism for the period 2004-2009, which has been approved on November 9, 2004 by the Cabinet of Ministers Rules` Nr.924 “About Memorandum of understanding on the implementation of the European Economic Area Financial mechanism 2004-2009 between the Kingdom of Norway and European community on the Norwegian Financial mechanism for the period 2004-2009 between the Kingdom of Norway and the Republic of Latvia”;

2.5. European Free Trade Association (hereinafter - EFTA) States established Finance mechanism Office (hereinafter – FMO) worked out and the EEA Financial mechanism committee or the Norwegian Foreign Affairs Ministry approved implementation guidelines and in Financial mechanisms project application included information.

3. Financial mechanisms management is done by:

3.1. National Focal Point (hereinafter- FP);



- 3.2. Central finance and contracting agency (hereinafter - CFCA);
- 3.3. Paying authority;
- 3.4. Intermediate bodies;
- 3.5. Programme intermediaries;
- 3.6. Block grant intermediaries;
- 3.7. Finance receiver;
- 3.8. Monitoring committee;
- 3.9. Steering committee.

## **2. Focal point**

4. Focal point is responsible for:

4.1. signing a Grant agreement. Grant agreement is an agreement, which have been signed between the Republic of Latvia and the EEA Financial committee in the case of the EEA Financial instrument or – the Norwegian ministry of Foreign affairs in the case of the Norwegian Financial instrument on the financing of Individual project, Programme or Block grant;

4.2. establishment and management of the Monitoring committee and the Steering committee;

4.3. decision making on in the Steering committee reviewed individual projects, Programmes and Block grants applications' rejection or approval before sending to the FMO;

4.4. collection of project applications and submission of them to the FMO together with its reasoned opinion;

4.5. management and implementation of practicable projects;

4.6. ensuring and control of effective and expedient use of accessible finances;

4.7. reporting on detected irregularities, disruptions and frauds to the FMO;

4.8. audit trail accomplishment in engaged institutions;

4.9. approval of payment claims and progress reports submitted by the CFCA before sending them to the Paying Authority;

4.10. sending annual monitoring report on projects to the FMO about Financial mechanisms financed projects realization;

4.11. providing availability of information and publicity about received finances;

5. The FP's functions perform the Ministry of Finance. The FP director is the State secretary of Ministry of Finance.

6. In order to fulfil the functions of the FP, the CFCA is responsible for following:

6.1. in cooperation with the FP elaborating a project of cooperation agreement between Intermediate body and Individual projects' Finance receiver or Intermediary of Programmes and Block Grants;

6.2. signing a cooperation agreement with the respective Intermediate body and with Finance receiver on implementation of Individual project, with programme promoter on implementation of Programme and with Block grant promoter on implementation of Block grant;

6.3. Individual projects, Programmes and Block grants implementation's monitoring in accordance with signed cooperation agreements;

6.4. providing information to the FP on detected inadequacies during projects' implementation;

6.5. Individual project Finance receivers', Programme intermediaries' and Block grant intermediaries' (hereinafter - intermediaries) submitted:

6.5.1. Financial mechanisms summary of accounts (hereinafter – the summary of accounts) supported by relevant document, that certifies fulfilment of payment rules (hereinafter– relevant documents) verification,

6.5.2. progress reports verification, which have been before approved by Intermediate bodies and submitted by Intermediaries and Individual project finance receivers;

6.6. verification of payment claims on Finance receivers made expenses;

6.7 submission of payment claims and the FP director’s verified progress reports to the Paying Authority.

### **3. Paying authority**

7. In order to fulfil the functions of the FP, the Paying authority is responsible for:

7.1. management of the accounts on which grants from Financial mechanisms are kept;

7.2. ensuring the reimbursement of unused funds or unjustifiably made expenses;

7.3. checking, certification of payment claims together with the FP directors verified progress reports and submission of them to the FMO once per quarter;

7.4. making payments after finances have been received from the FMO.

8. The Paying authority is entitled to require from institutions mentioned in the article 3.1., 3.2., 3.4., 3.5., 3.6. and 3.7. supporting documents indispensable for ensuring of payment claim certification process.

9. The Paying authority’s functions perform State treasury.

### **4. Intermediate bodies**

10. Functions of Intermediate bodies perform following direct state administration institutions, responsible for particular priority, which are determined in the article 2.3 and 2.4 mentioned documents’ Annexes B:

10.1. Ministry of Environment is in charge of priority “Protection of the environment” and “Sustainable development”;

10.2. Ministry of Culture is in charge of priority “Conservation of European heritage”;

10.3. Ministry of Health is in charge of priority “Health”;

10.4. Ministry of Children and Family Affairs is in charge of priority “Children with special needs (children infants)”;

10.5. Ministry of Education and Science is in charge of priority “Human resource development and education” and “Academic research”;

10.6. Ministry of Internal Affairs is in charge of priority “Schengen”;

10.7. Ministry of Justice is in charge of priority “Judiciary” and “Technical assistance”;

10.8. Ministry of Regional Development and Local Government is in charge of priority “Regional policy and development of economic activity” and “Cross border activities”;

11. Intermediate bodies are responsible for:

11.1. delegation of representatives for participation in the Steering committee after the FP’s invitation;

11.2. in the Steering committee's set timeframe, in collaboration with competent line ministries open calls guidelines and specific evaluation criteria elaboration for selection of Individual projects' applications;

11.3. open calls guidelines and evaluation criteria, which are used for evaluation of projects' administrative and qualitative eligibility as well as eligibility to the specificity of Block grant, elaboration for selection of projects', which have been approved and implemented within the Programme (hereinafter - component projects) or small amount projects', which have been approved and implemented within the Block grant (hereinafter - sub-projects) applications, if the Intermediate body is Intermediary;

11.4. announcing Individual projects' applications' open calls and submission of appropriate information into the official newspaper of the Republic of Latvia, in two biggest Latvian newspapers and in the Intermediate body's web page as well as in other mass media if it is requested by the FMO;

11.5. Individual projects' applications' evaluation commission's composition development and relevant mandate's submission to the Monitoring committee for approval as well as leading the evaluation commission;

11.6. decision making on sending back for corrections, rejection, if resubmitted applications are still not in line with Administrative criteria (Annex 1), or recommendation for approval of Individual projects' applications in the Steering committee;

11.7. sending a motivated refusal to Individual project applicant in five working days' time after information has been received from the FP in case of rejection of a project accordingly to procedures set in these rules;

11.8. sending information to Individual project applicant in five working days' time after information has been received from the FP about approved by the Norwegian Ministry of Foreign Affairs or the EEA Financial mechanism committee Individual project;

11.9. review and approval of Intermediaries and Finance receivers in the case of Individual projects submitted progress reports;

11.10. Intermediaries and Finance receivers in the case of Individual projects submitted annual monitoring reports collection within the particular priority and submission to the FP;

11.11. detection of irregularities and reporting on them to the FP;

11.12. evaluation of Intermediaries and Finance receivers in the case of Individual projects submitted requisitions of Grant agreement's modifications and submission of them to Monitoring committee for review;

11.13. reimbursement of unjustifiably made expenses if Intermediate body is a Finance receiver;

11.14. inform the society about resources available and projects implemented under Financial mechanisms in particular priority, in which they in accordance with the article 10 carrying out functions of Intermediate body;

12. Competent line ministries in the context of these rules are ministries, in which competence are included in the article 2.3 and 2.4 mentioned documents Annexes B set particular under-priorities and which are not carrying out functions of Intermediate body in particular priority.

13. Competent line ministries are responsible for:

13.1. delegation of representatives to the Monitoring and the Steering committee on the FP's request;

13.2. participation in open calls guidelines and specific evaluation criteria elaboration for Individual projects in particular priority set out in the article 2.3 un 2.4 mentioned documents' Annexes B;

13.3. delegation of representatives for participation in:

13.3.1. the evaluation commission managed by Intermediate body in order to evaluate Individual projects' applications,

13.3.2. the evaluation commission managed by Intermediary in order to evaluate sub-projects and component projects.

14. Functions of competent line ministries' perform following direct state administration institutions:

14.1. Ministry of Foreign Affairs;

14.2. Ministry of Economics;

14.3. Secretariat of the Special Assignments Minister for Social Integration;

14.4. Ministry of Agriculture.

14.5. In these rules' article 10 mentioned direct state administration institutions, which are not carrying out functions of Intermediate body in particular priority.

15. Intermediate bodies and competent line ministries are entitled:

15.1. in priorities, in which they in accordance with the article 10 are carrying functions of Intermediate body or in which they are competent line ministries to prepare Programme' or Block grant' applications in accordance with the requirements set under the article 2.5 and to submit them to the FP specifying the candidate of the intermediary of the elaborated Programme or Block grant which will be approved upon agreeing with the FMO, Norwegian Ministry of Foreign Affairs and the EEA Financial mechanism committee;

15.2. to prepare Individual projects' applications ensuring involvement of independent (external) experts in evaluation of Individual projects' applications if Intermediate body or competent line ministry has submitted the application in priority, in which it in accordance with the article 10 is carrying out functions of Intermediate body or in which it is a competent line ministry.

## **5. Finance receiver**

16. Finance receiver is state administration or municipal institution or agency, educational institution established by state or municipality, state scientific institution, state agency, NGO as well as private sector enterprise, which have been established and registered in the Republic of Latvia as juridical persons and whose Individual project's or component project's or sub-project's application is approved in accordance with procedure set in these rules.

17. Finance receiver can also be physical person in the case of sub-projects or component projects.

18. Individual project's Finance receiver provides implementation of Individual project financed by Financial mechanisms accordingly to a cooperation agreement between Intermediate body and the CFCA. Sub-project or component project finance receiver provides implementation of project financed by Financial mechanisms

accordingly to an agreement on the project implementation, which is concluded with Programme intermediary or Block grant intermediary accordingly.

## **6. Programme and Block grant intermediary**

19. Programme intermediary makes and implements Programme, taking on complete financial responsibility over implementation of Programme in accordance with in the article 2.5 mentioned guidelines and concluded cooperation agreement.

20. Block grant intermediary frames and implements Block grant, taking on complete financial responsibility over implementation of Block grant in accordance with in the article 2.5 mentioned guidelines and concluded cooperation agreement.

21. Intermediate bodies or competent line ministries suggest the candidate of the Intermediary of their elaborated Programme or Block grant, which has to be agreed with the FMO and Norwegian Ministry of Foreign Affairs or the FMO and the EEA Financial mechanism committee.

22. Intermediary functions can carry out those institutions, which are Programme and Block grant intermediaries in the case of the EU Structural funds or other institutions, where an adequate internal control system has been established and certified by an audit report of an independent audit company or statement of respective state administration institution's internal audit structural unit.

23. Intermediary is responsible for:

23.1. establishment and maintenance of internal control system in compliance with basic prerequisites of internal control system;

23.2. elaboration of draft agreement on component or sub-project implementation upon collaboration with the Intermediate body and reconciliation of it with the FP;

23.3. signing a cooperation agreement on the implementation of Programme or Block grant with the CFCA and Intermediate body;

23.4. implementation of Programme or Block grant accordingly in article 2.3, 2.4 and 2.5 mentioned documents and in Grant agreement and a cooperation agreement set regulations;

23.5. elaboration of component or sub-projects' open calls guidelines and selection criteria, which are used for evaluation of project's administrative and qualitative eligibility as well as eligibility to the specificity of Block grant;

23.6. announcing open calls for component or sub-projects' applications, taking into account requirements set by the FMO, the EEA Financial mechanism committee or Norwegian Ministry of Foreign Affairs;

23.7. establishment and management of the component or sub-projects applications' evaluation commission;

23.8. decision making on approval or rejection of component or sub-projects based on the evaluation commission decision and informing about these decisions in five working days' time component or sub-projects' applicants and the Steering committee;

23.9. preparation of progress reports, reconciliation with Intermediate body and sending them to the CFCA in compliance with in Grant agreement and a cooperation agreement set regulations;

23.10. preparation of annual monitoring reports and submission of them to Intermediate body;

23.11. summarization, verification and certification of summary of accounts supported by relevant documents, that component or sub-projects' Finance receivers have submitted, and transmission of them to the CFCA;

23.12. use of finances transferred in compliance with Grant agreement and a cooperation agreement set regulations;

23.13. detection of financial irregularities and reporting on them to the FP, transmitting also a report's copy to Intermediate body;

23.14. observation of the component or sub-projects' publicity requirements;

23.15. recovery and reimbursement of unjustifiably made expenses;

23.16. provision of function separation in cases, where Intermediary acts as Intermediate body.

## **7. The Monitoring committee**

24. The Monitoring committee is responsible for:

24.1. regular monitoring of approved Individual projects, Block grants and Programmes in accordance with Monitoring committee's manual;

24.2. evaluation of suggestions and decision making on breakdown changes of finance's between the priorities, that has been determined in the article 2.3 and 2.4 mentioned documents' Annexes B;

24.3. evaluation and certification of annual monitoring reports on projects made by the FP before submitting them to the FMO;

24.4. evaluation of, how effectively and expediently Financial mechanisms' finances are used.

25. The FP chairman approves the composition of the Monitoring committee. The Monitoring committee operates in compliance with the Monitoring committee's approved manual. The Monitoring committee chairs a representative from the FP. The FP provides functioning of the Monitoring committee's secretariat.

26. The Monitoring committee, taking into account gender equality principle, is made up from representatives with voting rights from:

26.1. the FP;

26.2. the CFCA;

26.3. Intermediate bodies and competent line ministries;

26.4. development councils from planning regions.

27. Representatives with advisory rights from the Paying authority, non-governmental institutions as well as social and economic partners participate in the Monitoring committee.

28. If there is a need, the FP may invite representatives with advisory rights from the FMO and Programme, or Block grant intermediaries.

## **8. The Steering committee**

29. The Steering committee manages with Financial mechanisms finances financed projects' implementation. The Steering committee's tasks are:

29.1. evaluation of Individual projects', Programmes' and Block grants' applications and recommendation to the FP on the approval of those project applications, which are suitable for receiving finances from Financial mechanisms, or rejection of them. Representative of the Intermediate body or competent line ministry, which has submitted a Programme or Block grant application, has no rights to participate in the evaluation of respective Intermediate body's or competent line ministry's Programme or Block grant application in the Steering committee.

29.2. determination of timeframe in which open calls guidelines for Individual projects' applications should be elaborated and then evaluation and approval of these guidelines;

26.3. evaluation and approval of open calls guidelines for component or sub-projects' applications;

29.4. reconciliation of cooperation draft agreement and its modifications, that the CFCA signs with Intermediate body and:

29.4.1. Individual project Finance receiver;

29.4.2. Programme intermediary;

29.4.3. Block grant intermediary;

29.5. review and approval of requisitions of Grant agreement modifications, that Intermediaries and Individual projects Finance receivers have submitted, before conforming them with Intermediate body. Further Grant agreement modifications are made accordingly to in the chapter 9 and 10 set procedure of Programme's or Block grant's applications approval.

30. The FP chairman approves the composition of the Steering committee. The Steering committee operates in compliance with the Steering committee's approved manual. The Steering committee chairs a representative from the FP. The FP provides functioning of the Steering committee's secretariat.

31. The Steering committee, taking into account gender equality principle, is made up from representatives with voting rights from:

31.1. the FP;

31.2. the CFCA;

31.3. Intermediate bodies and competent line ministries;

31.4. development councils from planning regions.

32. Representatives with advisory rights from the Paying authority, non-governmental institutions as well as social and economic partners participate in the Steering committee.

33. If there is a need, the FP may invite representatives with advisory rights from the FMO and Programme or Block grant intermediaries.

## **9. Appraisal, approval and implementation of Individual project**

34. Individual project is a project with a common goal, what can be archived in municipal, regional or national level, which co-financing amount required from Financial instruments can not be less than 250 000 euro in accordance with in the article 2.5 mentioned guidelines.

35. Submission, appraisal and approval of Individual project's application is done in following order:

35.1. The FP informs Intermediate bodies about possibilities to start open calls' announcing for submission of Individual projects' applications.

35.2. Intermediate bodies in cooperation with competent Line ministries in the Steering committee's set timeframe elaborate open calls guidelines, which have been send for evaluation and approval to the Steering committee;

35.3. Intermediate bodies announce open calls for Individual projects' applications and ensure publication of the information on possibilities to submit Individual project applications in the official newspaper of the Republic of Latvia, in two biggest Latvian newspapers and Intermediate body's home page. Prior to the announcement of the open calls, the text and publishing procedure have to be agreed with the FP and the FMO;

35.4. Individual project applicants prepare and submit to Intermediate body Individual project application in accordance with in the article 2.5 mentioned documents and open calls guidelines set requirements;

35.5. in order to evaluate applications, Intermediate body sets up and manages the evaluation commission. Competent line ministries representatives are also presented in commission. If Intermediate body has submit Individual project application within the open call announced by herself then for evaluation of received as a result of this open call applications it has to provide participation of independent (external) experts in the evaluation commission. The CFCA, the FMO, NGO and the FP representatives can participate in the evaluation commission in advisory status;

35.6. Intermediate body's managed evaluation commission evaluates submitted Individual project applications in compliance with administrative (Annex 1), qualitative (Annex 2) as well as specific evaluation criteria, if such a criteria are provided in the open call guidelines, and rank them in prior sequence accordingly to the results gained in evaluation process and makes the decision on Individual project applications:

35.6.1. sending to Individual project applicant for specification in the case, if it does not correspond with one or more administrative evolution criteria (Annex 1);

35.6.2. recommendation for review in the Steering comity and sending to the FP in paper format and electronically as well together with Intermediate body's evaluation commission's protocol on project applications' compliance with the open calls guidelines and selection criteria which are determined in them and state regulatory documents of the particular sector;

35.7. the FP collects Individual projects' applications and submits them electronically for review to the Steering committee, which after review of these applications gives recommendations to the FP on the approval, if they are suitable for receiving finances from Financial mechanism, or rejection of them;

35.8. based on the Steering committee recommendation the FP makes the decision on Individual project application's approval or rejection or sending to Intermediate body for specification and about respective decision in 5 working days time informs Intermediate body, which from its side in 5 working days time after information has been received from the FP informs project applicant in the case if the project is rejected;

35.9. if the FP makes a decision on approval of Individual project application, the FP Individual project application together with its reasoned opinion sends to the FMO. The FMO sends Individual project application to the EEA Financial



mechanism committee or the Norwegian Ministry of Foreign Affairs, which makes the final decision on Individual project application's approval or rejection.

36. If Individual project application has been sent to Project promoter for specification, then repeatedly Individual project application is appraised and approved in the article 35 set procedures. If repeatedly looked through Individual project application does not comply with administrative (Annex 1) evaluation criteria, then Individual project application is considered as not adequate and Intermediate body in five working days' time sends to Individual project applicant a motivated refusal indicating one or more definite administrative evolution criteria (Annex 1), which haven't been accomplished.

37. If the FP from the EEA Financial mechanism committee or the Norwegian Ministry of Foreign Affairs receives justified refusal on Individual project's implementation, than the FP in five working days' time informs about that Intermediate body, which on its behalf in five working days' time after information has been received from the FP provides transfer of this information to the project applicant.

38. After positive answer from the EEA Financial mechanism committee or the Norwegian Ministry of Foreign Affairs has been received on Individual project application, the FP in five working day' time sends the information on approved Individual project application to Intermediate body, which in five working days' time after information has been received from the FP sends it to the project applicant.

39. The FP together with the FMO elaborates draft Grant agreement and in accordance with law "On international agreements of the Republic of Latvia" submits it to the Cabinet of Ministers for approval. Chairman of the FP signs Grant agreement in the name of the Republic of Latvia, after the decision has been made in the Cabinet of Ministers.

40. After Grant agreement has been signed, the CFCA in cooperation with the FP elaborates a cooperation draft agreement with Finance receiver and Intermediate body on the implementation of Individual project and submits for reconciliation to the Steering committee. After a cooperation draft agreement has been agreed with the Steering committee, the CFCA signs a cooperation agreement with Finance receiver and Intermediate body.

41. Finance receiver accordingly to the cooperation agreement:

41.1. realises Individual project and makes payments to Individual project performer in compliance with a signed purchase agreement;

41.2. writes out confirmations on receiving of services or deliveries or for work done accordingly to Individual project;

41.3. prepares and not more often than once per quarter submits summary of accounts together with relevant documents and progress report, which Intermediate body has approved, to the CFCA;

41.4. prepares and once per year submits to Intermediate body requested by it information on project's implementation which is required for preparation of annual monitoring report;

41.5. does Individual project accounting;

41.6. ensures accounting and reimbursement of unused finances or unjustifiably made expenses;

41.7. ensures publicity measures of Individual project.

42. In compliance with cooperation agreements the CFCA:

42.1. verifies progress reports submitted by Finance receivers, which Intermediate bodies have approved,

42.2. verifies summary of accounts together with relevant documents on Finance receivers made expenses,

42.3. once per quarter submits the FP chairman's approved progress reports and payment claims to the Paying authority.

43. The Paying authority verifies and certifies the CFLA submitted payment claims, and once per quarter sends them to the FMO together with progress reports.

44. The Paying authority after receiving finances from the FMO in 15 working days' time makes payment to Individual project's Finance receiver.

## **10. Appraisal, approval and implementation of Programme and Block grant**

45. Programme is group of component projects aimed at achieving common objectives in municipal, regional or national level in accordance with in the article 2.5 mentioned guidelines.

46. Block grant is Financial mechanisms' finances appropriation method for implementation of small amount projects' by state administration or municipal institutions or agencies, educational institutions established by state or municipality, state scientific institutions, state agencies, NGO as well as private sector enterprises in accordance with in the article 2.5 mentioned guidelines. Block grant consists of several sub-projects. One sub-project, except in the article 2.3 un 2.4 mentioned documents' Annexes C set Specific forms of Grant assistance's sub-project, can not be larger than 50 000 euro.

47. Submission, appraisal and approval of Programme or Block grant application (hereinafter - application) is done in following order:

47.1. the FP informs Intermediate bodies and competent line ministries on the possibilities to submit applications;

47.2. applicants prepare Programme` or Block grant` applications in accordance with the requirements set in the article 2.5 mentioned documents and submit them to the FP, together with the annexed sub-projects' and component projects' evaluation criteria and list of the institutions and organizations representing their evaluation commission;

47.3. the FP evaluates submitted applications in compliance with the administrative criteria (Annex 1) and submits them electronically for review to the Steering committee.;

47.4. the Steering committee upon review of the applications presents its recommendation to the FP on the approval, if they are applicable for receiving funds from Financial mechanism, or rejection of them;

47.5. based on the Steering committee recommendation the FP takes the decision on either approval or rejection of the application and within the period of five working days informs applicant on the respective decision;

47.6. if the FP takes a decision on approval of the application, the FP sends the application together with the justification to the FMO, which then sends it to the EEA Financial mechanism committee or the Norwegian Ministry of Foreign Affairs, to take the final decision on either approval or rejection of the application.

48. If the FP receives justified refusal on application's implementation from the EEA Financial mechanism committee or from the Norwegian Ministry of Foreign Affairs, than the FP during five working days time upon receiving the refusal informs on that the applicant.

49. The FP, during five working days time upon receiving the application's approval from the EEA Financial mechanism committee or the Norwegian Ministry of Foreign Affairs, sends the information on approved Programme or Block Grant application to the applicant.

50. Applicant after information on the approved application has been received elaborates component or sub-projects application's (hereinafter – project application) open calls guidelines, which after the signing of Grant agreement have to be approved in the Steering committee.

51. The FP together with the FMO elaborates draft Grant agreement and in accordance with law “On international agreements of the Republic of Latvia” submits it to the Cabinet of Ministers for approval. Chairman of the FP signs Grant agreement in the name of the Republic of Latvia, after the decision has been made in the Cabinet of Ministers.

52. After Grant agreement has been signed, the CFCA in cooperation with the FP elaborates a cooperation draft agreement with Intermediary and Intermediate body on the implementation of Programmes or Block grants and submits for reconciliation to the Steering committee. After a cooperation draft agreement has been agreed with the Steering committee, the CFCA signs a cooperation agreement with Intermediary and Intermediate body.

53. Submission, appraisal and approval of component or sub- project is done in following order:

53.1. Intermediary announces open call for project applications;

53.2. project applicant accordingly to the requirements set in the article 2.5 mentioned documents and in the open calls guidelines prepares and submits project application to the Intermediary for evaluation;

53.3. in order to evaluate project applications, Intermediary establishes and manages the evaluation commission. The evaluation commission is made up from representatives from respective Intermediate bodies and competent line ministries. Representatives with observer rights from the CFCA, the FMO, NGO and the FP may participate in the evaluation commission;

53.4. the evaluation commission evaluates project applications in accordance with project evaluation criteria, which are included in the signed Grant agreement;

53.5. after projects appraisal in the evaluation commission:

53.5.1. Programme intermediary, based on the evaluation commission's recommendation, makes a decision on project applications approval or rejection and informs the Steering committee on the decision taken;

53.5.2. Block grant intermediary, based on the evaluation commission's recommendation and analyses carried out about planned expenditures compliance with predicted objectives, makes a decision on project applications approval, rejection or beginning of conversation on signing the agreement. After the results from the conversation about signing the agreement Intermediary makes a decision on projects rejection or approval and informs the Steering committee on the decision taken. While taking decision on the approval of the project application, Intermediary prescribes the maximum grant amount to cover eligible expenses;

53.6. Intermediary in five working days' time informs project applicant on the decision made and sends to the FP Intermediary's decision on each submitted project application's approval and the evaluation commission protocol on the evaluation of project applications.

54. If project application is not in compliance with evaluation criteria, Intermediary sends it to project applicant for specification or asks to project applicant to give Intermediary missing information or extra explanation on project application. Repeatedly component project and sub-project application is appraised and approved in the article 53 set procedures. If repeatedly looked through project application does not comply with evaluation criteria, then the application is considered as not adequate and Intermediary in five working days' time sends to the project applicant a motivated refusal.

55. Intermediary in cooperation with the Intermediate body elaborates draft agreement on component or sub-project's implementation. After approval of the project application the Intermediary signs an agreement with the component or sub-project applicant on the implementation of the project.

56. Finance receiver accordingly to the agreement on project's implementation:

56.1. realises project and makes payments to project performer in compliance with a signed purchase agreement ;

56.2. writes out confirmations on receiving of services or deliveries or for work done accordingly to project;

56.3 not more often than once per quarter submits to Intermediary summary of accounts together with relevant documents and information on progress of project realization;

56.4. prepares and once per year submits to Intermediary requested by it information on project's implementation which is required for preparation of annual monitoring report;

56.5. does complete project accounting;

56.6. ensures accounting and reimbursement of unused finances or unjustifiably made expenses.

57. In compliance with a cooperation agreement Intermediary collects Finance receivers submitted summary of accounts together with relevant documents and information on progress of project realization, verifies, approves and submits them to the CFCA together with Intermediary's prepared and Intermediate body's approved progress reports.

58. In compliance with cooperation agreements the CFCA:

58.1. verifies progress reports submitted by Intermediaries, which Intermediate bodies have approved,

58.2. verifies summary of accounts together with relevant documents on Finance receivers made expenses,

58.3. once per quarter submits the FP chairman's approved progress reports and payment claims to the Paying authority.

59. The Paying authority verifies, certificates the CFCA submitted payment claims and once per quarter sends those to the FMO together with the FP approved progress reports.

60. Finance receiver in accordance with in the article 2.5 mentioned guidelines receives finances in 15 working days' time after those have been transferred from the FMO to the Paying authority.

## **11. Specific forms of Grant assistance**

61. Responsible institution, which ensures implementation of in the article 2.3 and 2.4 mentioned documents' Annexes C set Specific forms of Grant assistance, realizes such activities:

61.1. establishment and maintenance of internal control system in compliance with basic prerequisites of internal control system;

61.2. elaboration of draft agreement on sub-project implementation;

61.3. signing a cooperation agreement on the implementation of Block grant with the CFCA;

61.4. implementation of Block grant accordingly to the regulations set in the article 2.3, 2.4 and 2.5 mentioned documents, Grant agreement and a cooperation agreement;

61.5. elaboration of open calls guidelines and selection criteria, which are used for selection of sub-projects;

61.6. announcing open calls for sub-projects' applications, taking into account requirements set by the FMO, the EEA Financial mechanism committee or Norwegian Ministry of Foreign Affairs;

61.7. establishment and management of the sub-projects applications' evaluation commission;

61.8. evaluation of sub-projects' applications in accordance with evaluation criteria and submission of conclusion to the evaluation commission;

61.9. decisions making on approval or rejection of sub-projects based on the evaluation commission recommendation and informing about these decisions in five working days' time sub-projects' applicants and the Steering committee;

61.10. preparation of Progress reports and sending them to the CFCA in compliance with in Grant agreement and a cooperation agreement set regulations;

61.11. preparation of annual monitoring reports and submission of them to the FP;

61.12. summarization, verification and certification of summary of accounts supported by relevant documents, that sub-projects' Finance receivers have submitted, and transmission of them to the CFCA;

61.13. use of finances transferred in compliance with Grant agreement and cooperation agreement;

- 61.14. transfer of finances to Finance receivers;
- 61.15. detection of financial irregularities and reporting on them to the FP;
- 61.16. recovery and reimbursement of unjustifiably made expenses;
- 61.17. preparation of requisitions of Grant agreement's modifications and submission of them to the Steering committee for review;
- 61.18. observation of the sub-projects' publicity requirements;
- 61.19. inform the society about projects implemented under Financial mechanisms.

62. NGO block grant is meant for support of nongovernmental institutions, which carry out to public interests respective activities, which are in line with in article 2.3 and 2.4 mentioned documents' Annexes B set priorities.

63. Responsible institution's functions of the NGO block grant are carried out by the Social Integration Foundation or other public institution which complies with the requirements set in article 22 if it is requested by the FMO, the EEA Financial mechanism committee and Norwegian Ministry of Foreign Affairs.

64. The total amount of the NGO block grant is 10% from the Financial instruments' recourses available for the Republic of Latvia.

65. Seed money fund is a Block grant, which is meant for technical support for preparation of Individual projects', Programmes' and Block grants' applications in the field of in the article 2.3 and 2.4 mentioned documents' Annexes B set priorities.

66. Responsible institution's functions of the Seed money fund are carried out by the Social Integration Foundation or other public institution which complies with the requirements set in article 22 if it is requested by the FMO, the EEA Financial mechanism committee and Norwegian Ministry of Foreign Affairs.

67. The total amount of the Seed money fund is 1% from the Financial instruments' resources available for the Republic of Latvia.

68. Seed money grants provided from seed money fund should be in the range from 5.000 to 20.000 euro per sub-project.

69. Scholarship grant scheme is scheduled for support of cooperation among the relevant educational institutions in the Republic of Latvia and in the EFTA States in the priority areas set within the Annexes B of the documents mentioned in the article 2.3 and 2.4. The cooperation includes creating opportunities for Latvian students, lecturers, and experts of secondary, high school, and universities and teaching staff to study or to receive training in the EFTA States.

70. Responsible institution's functions of the Scholarship grant scheme are carried out by the Ministry of Education and Science or other public institution which complies with the requirements set in article 22 if it is requested by the FMO, the EEA Financial mechanism committee and Norwegian Ministry of Foreign Affairs.

71. The total amount of the Scholarship grant scheme is 3% of the Financial instruments' recourses available for the Republic of Latvia.

72. Technical assistance fund is a Block grant, which is scheduled for technical support for realization of Financial mechanisms' implementation process: preparation of technical documentation, assistance of experts, support for particular activities managed by the FP and other supporting measures.

73. Responsible institution's functions of the Technical assistance fund are carried out by the Ministry of Finance.

74. The total amount of the Technical assistance fund is 2,5% of the Financial instruments' recourses available for the Republic of Latvia.

75. Short term expert fund is a Block grant, which is scheduled for support of co-operation and transfer of knowledge between entities or persons in the Republic of Latvia and the Kingdom of Norway at all administrative levels, especially on exchange of experience in the priority areas set within the Annex B of the document mentioned in the article 2.4.

76. Responsible institution's functions of the Short term expert fund are carried out by the Ministry of Regional Development and Local Government or other public institution which complies with the requirements set in article 22 if it is requested by the FMO and Norwegian Ministry of Foreign Affairs.

77. The total amount of the Short term expert fund is 3,5% from the Norwegian Financial instrument's recourses available for the Republic of Latvia.

## **12. Control and audit of Financial mechanisms**

78. In the article 3.1, 3.2, 3.3, 3.4, 3.5 and 3.6 mentioned institutions ensure the establishment and maintenance of the inner control system in compliance with the Republic of Latvia normative acts, which regulates the inner control system.

79. Control and audit of Financial mechanisms under this rules is considered as:

79.1. on spot checks;

79.2. audit of Financial mechanisms management systems' correspondence and effectiveness;

79.3. spot checks on adequacy of under Financial Mechanisms financed projects' payment claims.

80. All institutions, which carry out in the article 79 mentioned control and audit, submit to the FP copies of reports on results of realized audit controls.

81. Intermediary does the on spot checks, submits to the FP copies of reports on them and includes their results in the progress report.

82. Intermediate body does the financial controls and audit mentioned in the article 79.1 and 79.2 in the institutions mentioned in these rules' article 3.5, 3.6 and 3.7.

83. The CFCA does the financial controls and audit mentioned in the article 79.1 and 79.3 in the institutions mentioned in these rules' article 3.5, 3.6 and 3.7.

84. The FP and Paying authority carry out activities mentioned in the article 79.1 in the institutions mentioned in these rules' article 3.7; and in the article 79.2 and 79.3. mentioned activities in the institutions mentioned in these rules' article 3.2, 3.4, 3.5 and 3.6.

85. From the EEA Financial mechanism financed projects and in the EEA Financial mechanism management involved institutions there are audits made by proposal by the EFTA Board of Auditors, the EEA Financial mechanism committee and Latvian State control. From the Norwegian Financial mechanism financed projects and in the Norwegian Financial mechanism management involved institutions there are audits made proposed by the Norwegian Auditor General, Norwegian Ministry of Foreign Affairs and Latvian State control. Above mentioned audits can be made by institutions mentioned above in this paragraph or their authorised audit companies.

86. In these rules' article 3.1, 3.2, 3.3, 3.4, 3.5, 3.6 and 3.7 mentioned institutions and persons accordingly to their functions, which have been set out in this rules:

86.1. present to auditors' documents related with the project and Financial mechanisms' management (electronic version as well);

86.2. ensure access to finance documentation, premises and other material values, that are related with the audit to be made;

86.3. ensure the preparation extracts and copies of necessary documents;

86.4. give information to auditors on the development, implementation and monitoring of those projects, that have been financed from Financial mechanisms' finances.

87. Until 30 January of running year the CFCA, Intermediate bodies and Intermediaries submit to the FP audit plans and reports on last year realized audit and controls.

88. The FP prepares and submits to the FMO annual audit plan and summary of audit reports made for Financial mechanisms.

89. All in the project implementation process involved parties store with Financial mechanisms' project implementation related documents for ten years after the project has been completed.

### **13. Supervision of Financial mechanisms**

90. Supervision of Financial mechanisms are made by analysing Financial mechanisms' financed projects implementation and performance, evaluating the effectiveness of the use of finances assigned to the project and elaborating proposals during the implementation of the project.

91. Intermediate bodies in accordance with in the article 2.5 mentioned documents' set requirements once a year on the FP's request and in its indicated time frame prepare the monitoring report on Financial mechanisms financed projects implementation, analyses problems in the implementation process of Financial



mechanisms and gives suggestions on the improvement of Financial mechanisms' implementation. The report has to be submitted to the FP.

92. The FP collects annual monitoring reports, that Intermediate bodies have submitted in respective priority and after they have been confirmed in the Monitoring committee prepares and submits to the FMO annual monitoring report on projects and each projects completion report on the implementation of Financial mechanisms.

93. In these rules' article 3.2, 3.3 and 3.4 mentioned institutions accordingly to their functions that are set out in these rules submits information to the FP on any detected irregularities or disruptions in the management process of Financial mechanisms. In these rules' article 3.4, 3.5 and 3.6 mentioned institutions and personas submits information to Intermediate bodies on any detected irregularities or disruptions in the management process of Financial mechanisms. The FP carries out in the management process of Financial mechanisms detected irregularities or disruptions follow-up and informs about that the Paying authority and the FMO.

#### **14. Evaluation of Financial mechanisms**

94. The EEA Financial mechanism committee and the Norwegian Ministry of Foreign Affairs have rights on their own initiative or following a proposal from the FP to carry out an ex-post evaluation of certain projects. An independent body, other than the Monitoring Agent or associated entities, carries out ex-post evaluation. The body carrying out the ex-post project evaluation shall submit a report to the EEA Financial mechanism committee or the Norwegian Ministry of Foreign Affairs respectively.

**Administrative criteria**

Nr.	Criteria	Yes	No
<b>APPLICATION</b>			
1.	Individual project's, Programme's and Block grant's application (hereinafter- application) delivered in determined time		
2.	Application is completed in accordance with in these rules` article 2.5. mentioned application form and guidelines and project's financing plan is developed in accordance with the format indicated in the application form		
3.	Application completed in printed form		
4.	Application completed in English		
5.	Required number of application's copies and electronic version of the application submitted as well		
6.	Original of the application is bound together		
7.	All supporting documents given in the guidelines mentioned in these rules` article 2.5. are provided		
8.	Project's financial calculation is made in euros and worked out precisely and correctly		
9.	Completion date of the project planned before 30 April 2011		
<b>APPLICANT</b>			
10.	Individual project's, Programme's and Block grant's applicant is state administration or municipal institution or agency, educational institution established by state or municipality, state scientific institution, state agency, NGO as well as private sector enterprise, which have been established and registered in the Republic of Latvia as juridical persons		
11.	Applicant has no tax debts		
12.	Application signed by project applicant's authorized person		

<b>Qualitative criteria</b>			
<b>Nr.</b>	<b>Criteria</b>	<b>Evaluation</b>	<b>Section's weight %</b>
<b>1.</b>	<b>COMPLIANCE OF THE PROJECT</b>		
1.1.	Application should comply with sub-priorities of priority sectors set out in the Annexes B and with Specific forms of Grant assistance set out in the Annexes C to Memorandums of Understanding	0 - 5	<b>45</b>
1.2.	Application should comply with national, regional and local strategic planning documents in the area of intervention	0 - 5	
<b>2.</b>	<b>RATIONALE OF THE PROJECT</b>		
2.1.	Application should justify the needs of target group or Project proposal should define and justify identified problem	0 - 5	<b>15</b>
2.2.	Application should demonstrate that after achieving of objective problem will be solved	0 - 5	
2.3.	Application should demonstrate that actions proposed in project proposal are clearly defined, proportional to project implementation timetable and provide quality of the project outcome (inter alia risks of project's implementation / preconditions are taken into account)	0 - 5	
2.4.	Application should demonstrate clear and direct linkages with the objective, identified potential or problem, and actions proposed in the project application	0 - 5	
2.5.	In project's application expected results, indicators of them and impact of the results are precisely defined, measurable and they provide the satisfaction of target group's needs (int.al. results should have multiplier effects and they should be sustainable)	0 - 5	
<b>3.</b>	<b>IMPLEMENTATION CAPACITY</b>		
3.1.	Application should demonstrate project implementation mechanisms (int.al. necessary materially technical base is available / provided) and preparedness of project	0 - 5	<b>20</b>
3.2.	Application should demonstrate a sufficient technical expertise (special knowledge in definite area) and experience in project management	0 - 5	
3.3.	Application should clearly demonstrate how the monitoring of the project implementation would be carried out	0 - 5	
3.4.	Application should demonstrate that publicity and information actions proposed in the project are sufficient	0 - 5	

<b>4.</b>	<b>BUDGET OF THE PROJECT, JUSTIFICATION AND EFFECTIVENESS OF COSTS</b>		
4.1.	Determined amount of Financial mechanisms co-financing is not exceeding co-financing ceilings	0 - 5	<b>20</b>
4.2.	Expenditures included in the budget of project are reasoned and adequate with current market prices	0 - 5	
4.3.	In order to reach the objective, economically most beneficial version /solution is chosen ( <i>value for money – costs – outcome</i> )	0 - 5	
4.4.	Eligible cost entries of the project should comply with eligible costs' requirements set out in these rules' article 2.5. mentioned guidelines	0 - 5	

Certain score form 1 till 5 in accordance with the following evaluation is given to every project: 1- very weak, 2 – weak, 3 – average, 4 – good, 5 – very good.

Total score of project's evaluation is calculable in this way:

<b>Nr.</b>	<b>Criteria</b>	<b>Evaluation interval</b>	<b>Evaluation</b>	<b>Section's weight %</b>	<b>Total score of project's evaluation D=(BxC):100</b>
		A	B	C	D
1.	Compliance of the project	0 - 10		45	
2.	Rationale of the project	0 - 25		15	
3.	Implementation capacity	0 - 20		20	
4.	Budget of the project, justification and effectiveness of costs	0 - 20		20	
<b>TOTAL:</b>			...	100	...

### Short description of Scholarship grant scheme

The aims:

- to establish a closer cooperation between Latvia and EEA countries in the field of education;
- to assist in personal development of Latvian educators and education managers;
- to facilitate integration of Latvian educational institutions into common European educational space.

The eligible activities:

- student mobility to continue or finish their Bachelor, Master or Doctoral studies in a university in Norway or other EEA country;
- teacher assistantships in Norway or other EEA countries to develop the practical teaching skills or professional competence for the period of 3 months to 1 academic year;
- teaching staff mobility from universities in Latvia to university in Norway or other EEA country to attend training courses, seminars or conferences or to spend a sabbatical year;
- teacher mobility from general or vocational educational institutions in Latvia to attend specific training courses lasting from 1 to 4 weeks and aimed at improving their teaching skills, subject knowledge or language skills;
- mobility of experts, administrators or policy makers in the field of education to attend specific training courses or seminars and conferences aimed at improving their professional knowledge and competences.

The eligible applicants:

- students and lecturers from officially recognized Higher education institutions in Latvia independent on the actual classification or ownership;
- teachers from officially registered general or vocational education institutions or from any educational institutions dealing with non-formal adult education;
- education managers from general, vocational or higher education institutions and education managers, experts or specialists at regional or national level.

The outcomes:

- formally recognized periods spent in an EEA country (ECTS points included in formally issued diplomas, certificates, diplomas, and other official documentation);
- increased skills and competences of educational and managerial staff ;
- newly prepared or modified parts in school curricula or changes in management systems of educational institutions;
- better awareness of European educational and cultural development and diversity.

**Short description of Short term expert fund**

The aims:

- to increase the capacity of the institutions by enhancement of knowledge and the exchange and dissemination of experience and good practice with regard to promote innovative practices within the areas stated in Annex B;
- to build and strengthen capacity in the identification, facilitation, preparation and management of the projects co-financed by the financial mechanism.

The eligible activities:

- comparative and benchmarking studies on certain development issues for promoting innovative practices;
- seminars and workshops on themes of common interests for exchange of experience, know-how in-put for and common tools;
- exchange of best practice in terms of management tools, projects;
- working visits to Norway;
- working visits by Norwegian expert (s) to Latvia;
- bilateral or multilateral working group (s);
- analyses/ advices;
- a combination of the above mentioned activities.

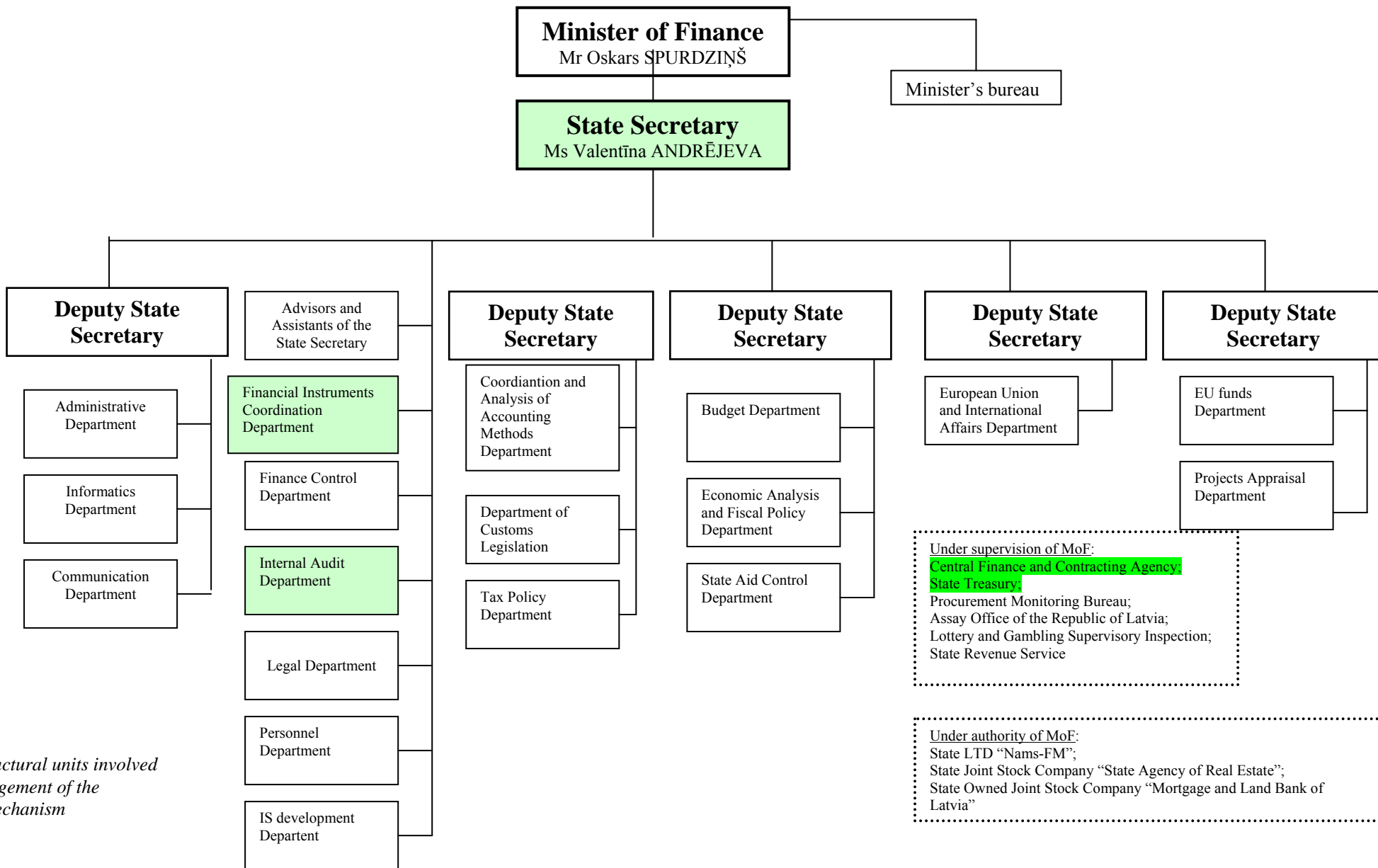
The eligible applicants:

- state institutions or it's agencies;
- municipalities or their institutions or agencies;
- NGOs;
- state or municipal high education institutions,
- state scientific institutions.

The outcomes:

- the capacity of the institutions increased;
- number of Latvian administration able to manage projects;
- number of working seminars;
- the transfer of experience and good practice in order to promote innovative practices between institutions is ensured;
- number of qualitative projects co-financed by the financial mechanism.

Structure of the Ministry of Finance



- structural units involved in the management of the financial mechanism

The flow of the financial mechanisms' funds

