

## **Annex 1: Conceptual Framework of the Swiss-Latvian Cooperation Programme**

The Conceptual Framework is an integral part of the Framework Agreement between the Swiss Federal Council and the Government of Latvia concerning the implementation of the Swiss-Latvian Cooperation Programme. The Conceptual Framework defines objectives, principles, strategies and thematic focus as well as indicative financial allocations.

### **1. Objectives**

The Swiss-Latvian Cooperation Programme pursues two objectives:

- To contribute to the reduction of economic and social disparities between Latvia and the more advanced countries of the enlarged European Union (EU); and
- To contribute within Latvia to the reduction of economic and social disparities between the dynamic urban centres and the structurally weak peripheral regions.

The Swiss-Latvian Cooperation Programme includes national and trans-national Projects that support a sustainable, economically and socially balanced development.

Towards the end of the implementation period of the Swiss Contribution, both Parties may jointly decide on a global evaluation of the results achieved by the Swiss-Latvian Cooperation Programme.

### **2. Principles**

The Swiss-Latvian cooperation is guided by the following principles:

**Transparency.** Transparency and openness are key to all cooperation activities and are binding at all levels. Special emphasis shall be given to transparency in project selection, contract awarding and financial management.

**Social inclusion.** Cooperation activities aim at including socially and economically disadvantaged individuals and groups in the opportunities and benefits of development.

**Equal opportunities and rights.** Cooperation activities aim at increasing women's and men's opportunities to exercise their rights equally through a gender-based approach.

**Environmental sustainability.** Cooperation activities aim at incorporating requirements of environmental sustainability.

**Commitment by all stakeholders.** All institutions and decision-makers involved in the Swiss-Latvian Cooperation Programme are committed to an efficient and effective implementation of the agreed Projects.

**Subsidiarity and decentralisation.** Cooperation activities aim at including considerations of subsidiarity and decentralisation primarily in Projects at the municipal and regional levels.

### **3. Strategies**

#### **3.1 Main Strategic Considerations**

The Swiss-Latvian Cooperation Programme is a financial assistance instrument which is used complementary to structural and cohesion programmes of the European Union as well as to the programmes of the EEA and the Norwegian Financial Mechanisms. The Swiss Contribution shall be complementary to these programmes and mainly focus on Projects that are not or only partially covered by other financial sources.

Main strategic considerations include:

**a. Focusing.** The Memorandum of Understanding between the Swiss Federal Council and the Council of the European Union defines four funding guidelines for the Contribution:

- Security, stability and support for reforms;
- Environment and infrastructure;
- Promotion of the private sector; and
- Human and social development.

These funding guidelines and the related focus areas provide a broad base for cooperation. Efficiency and effectiveness considerations as well as concern for the optimal allocation and use of available resources, are important. Therefore, the Swiss-Latvian Cooperation Programme shall have a clear strategic focus, guided by the following considerations:

- Concentration on a maximum of six focus areas in which a high percentage of the Contribution shall be spent (thematic concentration). The selection of the focus areas may be need-based and may take specific Swiss know-how into account.
- Concentration on a relatively small number of Projects.

**b. Programme approach.** A programme consists of component projects linked by a common theme or shared objectives. A programme approach shall be applied in focus areas which display several of the following characteristics: large financial Commitments; linking of different levels (national, regional, local); variety of actors; contribution to policy development; significant contributions to capacity building; and application of a common set of rules and procedures. A programme approach implies a delegated authority for decision-making on individual projects. A programme approach includes: an initial assessment of the focus area; the definition of objectives, guidelines and budgets; a programme implementation plan; and a sector monitoring and evaluation concept. To assure efficiency and effectiveness, the contribution to a specific programme shall represent a minimum amount of CHF 4 million.

**c. Individual project approach.** An individual project approach shall be applied in a focus area in which stand-alone projects shall be implemented. To assure efficiency and effectiveness, the contribution for each project under the individual project approach shall represent in general a minimum amount of CHF 1 million. Higher minimal financial volumes may be agreed upon (see Chapter 4 of this Annex). Block Grant financing may provide a means to accommodate smaller projects (see Annex 3).

**d. Trans-national Projects.** The Contribution may be used to finance trans-national Projects.

**e. Partners and beneficiaries.** The Swiss-Latvian Cooperation Programme may include partners and beneficiaries from the public and private sectors, associations and foundations and other civil society organisations.

**f. Partnerships.** Partnerships between Swiss and Latvian partners are an enriching element of the Swiss-Latvian Cooperation Programme. Cooperation and partnerships are strongly encouraged, especially in focus areas in which Switzerland may contribute particular experience, know-how and technologies.

**g. Flexibility.** Flexibility and the possibility to react to opportunities require that initially only about 90% of the Contribution shall be allocated to particular focus areas and special items. Two years after the beginning of the Swiss-Latvian Cooperation Programme, a review shall assess thematic priorities, redirect the initial financial allocations as agreed, and determine the priorities for the not yet allocated part of the Contribution.

**h. Visibility.** Visibility of the Swiss-Latvian Cooperation Programme for Latvian and Swiss citizens is an important aspect that may be taken into account when selecting and implementing Projects. Both Parties undertake to inform proactively on their cooperation.

## **3.2 Implementation Strategies**

**a. Identifying Projects.** Project identification significantly impacts the quality of the Swiss-Latvian Cooperation Programme. Latvia is responsible for the identification of Projects to be financed by the Contribution. Switzerland can offer Latvia Project proposals.

**b. Setting Project selection criteria.** Project selection shall be based on a clear set of criteria. General selection criteria shall include:

- Responsiveness to the objectives of the Swiss-Latvian Cooperation Programme;
- Adherence to the principles of the Swiss-Latvian Cooperation Programme described in Chapter 2 of this Annex;
- Responsiveness to the strategic considerations outlined in Chapter 3.1 of this Annex;
- Anchoring in the national development planning and, if possible, the National Strategic Reference Framework and the respective Operational Programme(s);
- Innovation and/or the potential to offer new solutions that can be applied subsequently on a larger scale (pilot Projects);
- Capacity of the Executing Agency;
- Leverage potential (mobilisation of additional resources);
- Feasibility in the given time-span; and
- Sustainability of results.

Specific selection criteria for each focus area may be formulated prior to starting the implementation of the Swiss-Latvian Cooperation Programme.

**c. Supporting Project planning.** Project preparation and detailed Project planning are of paramount importance for efficiency and effectiveness in Project implementation. Preparation support may be requested by Latvia or recommended by Switzerland and may be financed through the Project Preparation Facility (see Annex 3). Should there be insufficient funds available in the Project Preparation Facility to prepare a specific Project, Latvia may request to transfer the required funds from the respective Focus area or from the not yet allocated part of the Contribution to the Project Preparation Facility.

**d. Enhancing implementation capacities.** Successful Project implementation depends on the capacities of the implementing and monitoring organisations. If need be, capacity enhancement may be requested by Latvia or recommended by Switzerland and may be financed by the Contribution as an integral part of Project financing.

## 4. Thematic Focus and Indicative Financial Allocations

The following thematic focus and indicative financial allocations shall apply to the Swiss-Latvian Cooperation Programme:

<b>1. Security, Stability and Support for Reforms</b>			
<b>N°</b>	<b>Focus areas</b>	<b>Approach, objectives and eligible projects</b>	<b>Indicative financial allocation</b>
<b>1</b>	<b>Regional development initiatives in peripheral or disadvantaged regions</b>	<p><b><u>Individual project or programme approach with the following objectives:</u></b></p> <p><b>Objective 1:</b> To strengthen structures and capacities on regional and local government level</p> <p><b>Types of eligible projects:</b></p> <ul style="list-style-type: none"> <li>- Transportation system analysis of local governments after implementation of administrative-territorial reform and definition of activities for improvements.</li> <li>- Implementation of local governments activities by ensuring the transportation of school children and related support measures</li> <li>- Support for fire safety measures in local government general education institutions</li> </ul> <p><b>Objective 2:</b> To support youth in its development</p> <p><b>Types of eligible projects:</b></p> <ul style="list-style-type: none"> <li>- Youth initiatives in regions: school exchange, campaign for youth mobilisation, training courses (e.g. application training, computer training), job fairs etc.</li> <li>- Training of social workers to provide support to youth in crisis</li> </ul>	<p style="text-align: center;"><b>Up to 16 million CHF</b></p> <p style="text-align: center;"><b>Up to 4 million CHF</b></p>
<b>2</b>	<b>Modernisation of the judiciary</b>	<p><b><u>Individual project or programme approach with the following objective:</u></b></p> <p>To enhance the performance of the judicial system and the access to justice.</p> <p><b>Types of eligible projects:</b></p> <ul style="list-style-type: none"> <li>- Optimisation of judicial management including the improvement of judicial procedures, the management of costs, the strengthening of the use of electronic means, the improvement of proceedings, the introduction of video-translations and the capacity building of personnel.</li> <li>- Enhancement of access to justice including citizen information (awareness campaigns, brochures, etc.), reduction of access costs and improvement of physical accessibility.</li> </ul>	<b>Up to 8.0 million CHF</b>

<b>2. Environment and Infrastructure</b>			
<b>N°</b>	<b>Focus areas</b>	<b>Approach, objectives and eligible projects</b>	<b>Indicative financial allocation</b>
<b>3</b>	<b>Rehabilitation and modernisation of basic infrastructure</b>	<p><b><u>Individual project or programme approach with the following objective:</u></b></p> <p>To improve the environment in order to increase living standards and promote economic development.</p> <p><b>Types of eligible projects:</b></p> <p>Projects or programmes of a minimum value of CHF 5 million each in the fields of:</p> <ul style="list-style-type: none"> <li>- Rehabilitation of hazardous waste dumping sites</li> <li>- Hazardous waste management</li> <li>- Remediation of historically polluted sites</li> </ul>	<b>Up to 13 million CHF</b>

<b>3. Promotion of the Private Sector</b>			
<b>N°</b>	<b>Focus areas</b>	<b>Approach, objectives and eligible projects</b>	<b>Indicative financial allocation</b>
<b>4</b>	<b>Improved regulation of the financial sector and improving access to financing</b>	<p><b><u>Individual project approach with the following objectives:</u></b></p> <p><b>Objective 1:</b></p> <p>To support the effective implementation and enforcement of the Acquis Communautaire targeted to Corporate Financial Reporting.</p> <p><b>Types of eligible projects:</b></p> <ul style="list-style-type: none"> <li>- Institutional and regulatory capacity building for corporate sector financial reporting and auditing at the national level</li> </ul> <p><b>Objective 2:</b></p> <p>To promote employment creation through the support of the private sector.</p> <p><b>Types of eligible projects:</b></p> <ul style="list-style-type: none"> <li>- Micro Lending Programme for small and micro enterprises and self-employed persons</li> </ul>	<b>8.68 million CHF</b>

<b>4. Human and Social Development</b>			
<b>N°</b>	<b>Focus areas</b>	<b>Approach, objectives and eligible projects</b>	<b>Indicative financial allocation</b>
<b>5</b>	<b>Research and development</b>	<p><b><u>Block Grant approach with the following objective:</u></b></p> <p>To strengthen the scientific potential through enhanced access to education and research through selective promotion programmes.</p> <p><b>Types of eligible projects:</b></p> <ul style="list-style-type: none"> <li>- Scholarships for advanced degree and post-graduation studies in Switzerland (2 million CHF)</li> <li>- Short term grants for researchers from Swiss institutions to do lecturing or to share research experience in Latvian institutions (0.5 million CHF)</li> </ul>	<b>Up to 2.5 million CHF</b>

<b>5. Special Allocations</b>		
<b>Item</b>	<b>Content</b>	<b>Indicative financial allocation</b>
<b>NGO Block Grant</b>	<p><b><u>Block Grant approach with the following objective:</u></b></p> <p>To promote civil society's contribution to economic and social cohesion as important actors of development and participation.</p> <p><b>Types of eligible projects:</b></p> <ul style="list-style-type: none"> <li>- Small Project Block grant(s) for the civil society/NGOs contributing primarily to social service provision as well as environmental concerns, allowing to strengthen organisational capacities</li> </ul>	<b>Up to 3.5 million CHF</b>
<b>Project Preparation Facility</b>	<p><b><u>Objective:</u></b></p> <p>To support the preparation of final project proposals.</p>	<b>Up to 0.3 million CHF</b>
<b>Swiss Programme Management</b>	Swiss administration of the Swiss-Latvian Cooperation Programme.	<b>3 million CHF</b>
<b>Latvian Technical Assistance</b>	Latvian administration of the Swiss-Latvian Cooperation Programme including preparation, implementation, monitoring, evaluation.	<b>Up to 0.9 million CHF</b>

<b>Overview on the Indicative Allocations</b>	
<b>Funding Guidelines</b>	<b>Indicative financial allocation (million CHF)</b>
1. Security, Stability and Support for Reforms	28
2. Environment and Infrastructure	13
3. Private Sector	8.68
4. Human and Social Development	2.5
5. Special Allocations	7.7
<b>Total indicative allocations</b>	<b>59.88</b>

Unused balances of focus areas shall be added to the not yet allocated amount once all the final decisions on the Final Project Proposals in the respective focus area have been taken. The allocation of the not yet allocated funds shall be done by mutual agreement (e.g. confirmed in the minutes of meetings or by correspondence) between the NCU and SDC/SECO in the course of the operational implementation of the Swiss-Latvian Cooperation Programme.