

Republic of Latvia
Ministry of Finance (the National Coordination Unit)
Financial Instruments Coordination Department

*Annual Report on the
Implementation of the
Swiss–Latvian Cooperation Programme
in Latvia
December 2007 – April 2009*

Riga
April 2009

Glossary of Acronyms

APA – the Academic Programme Agency

CFCA – the Central Finance and Contracting Agency

CRUS – the Rectors' Conference of the Swiss Universities

Embassy – the Embassy of Switzerland in Latvia

Financial mechanisms – the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism

Framework Agreement – the Framework Agreement between the Swiss Federal Council and the Government of the Republic of Latvia concerning the implementation of the Swiss-Latvian Cooperation Programme to reduce economic and social disparities within the enlarged European Union

Law – the Swiss-Latvian Cooperation Programme Management Law

NCU – the National Coordination Unit

PPF – the Project Preparation Facility

SDC – the Swiss Agency for Development and Cooperation

SECO – the State Secretariat for Economic Affairs

SIF – the Society Integration Foundation

Steering committee – the Swiss-Latvian Cooperation Programmes' Steering committee

Swiss Programme – the Swiss-Latvian Cooperation Programme

TAF – the Technical Assistance Fund

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Summary

According to the Article 8.2 of the Framework Agreement, the Ministry of Finance acting as the NCU for the implementation of the Swiss Programme in Latvia, prepared the *Annual Report on the Implementation of the Swiss Programme in Latvia December 2007 – April 2009*.

The document aims to present the process of preparation and implementation of the Swiss Programme in Latvia and describes activities planned for the next reporting period: May 2009 – April 2010.

This document will be discussed during annual meeting with the donorstate planned on 25 and 26 May 2009.

Main actions of the NCU and other institutions responsible for the implementation of the Swiss Programme in Latvia undertaken in the reporting period from December 2007 till April 2009 were concentrated on the preparation of the internal rules, building up implementation system, identification and approval of Projects and launching information activities.

By the end of this reporting period the implementation phase of Projects had not yet begun thus it is too early to assess the implementation and achievement of the Swiss Programme's objectives. Also financial statement on past and tentative future disbursements and commitments, main conclusions of the financial audits of the Projects and statistics about subprojects open calls will be subject of the future reports.

In the next reporting period actions of the institutions involved in the Swiss Programme will be concentrated on tasks related to the implementation of Projects and in the next time perspective monitoring, control and audit of implemented activities within the Swiss Programme.

1. Progress made in the implementation of the Swiss Programme against the Conceptual Framework

1.1. General provisions for the implementation of the Swiss Programme

On 27 February 2006 the Memorandum of Understanding was signed between the Swiss Federal Council and the Council of the European Union on granting a contribution to 10 new European Union Member States towards the reduction of economic and social disparities.

Herewith, the contribution available for Latvia is up to 59 880 000 CHF which is planned to be used according to the regulations of the Swiss Programme.

Within the scope of the Swiss Programme the contribution will be available for Latvia for a commitment period till 2012 foreseeing a possibility to finish the implementation of Projects till 2017.

In order to ensure the implementation of the Swiss Programme the Framework Agreement was signed on 20 December 2007.

1.2. Focus areas and corresponding eligible Projects

In the second quarter of 2007 the NCU held several inter-ministerial meetings with the line ministries concerning sectors to be supported within the scope of the Swiss contribution in order to implement activities important for the strategic goals of Latvia.

Following the inter-ministerial meetings possible focus areas and Project activities, which could be implemented within the scope of the Swiss Programme, were defined. The NCU presented to representatives of the donorstate focus areas defined by the line ministries. During discussions with donorstate's representatives the following mutually agreed focus areas were proposed for inclusion in the Framework Agreement taking into account their commensurability with the amount of the contribution available within the scope of the Swiss Programme and readiness of the donorstate to provide special support for these focus areas:

1. Security, stability and support for reforms, including two sub-priorities:
 - a. "Regional development initiatives in peripheral or disadvantaged regions" with indicative financial allocation up to 20 million CHF;
 - b. "Modernisation of the judiciary" with indicative financial allocation up to 8 million CHF;
2. Environment and infrastructure, including a sub-priority "Rehabilitation and modernisation of basic infrastructure" with indicative financial allocation up to 13 million CHF;
3. Promotion of the private sector, including a sub-priority "Improved regulation of the financial sector" with indicative financial allocation up to 2 million CHF;
4. Human and social development, including a sub-priority "Research and development" with indicative financial allocation up to 2,5 million CHF;
5. Special allocations, including NGO Block Grant (up to 3,5 million CHF), Swiss Programme Management (3 million CHF), as well as TAF and PPF (1,2 million CHF).

Taking into account that the Framework Agreement defines several eligible Project selection mechanisms – identification of Projects in the result of open call; a list of priority Projects provided by competent authorities; a list of priority Projects provided by the Government of the Republic of Latvia – following circumstances were considered during identification phase of Projects:

1) Taking into account a comparatively small amount of the contribution available within the scope of the Swiss Programme organization of open calls would be an ineffective and time-consuming process causing risk of calls with budgets of several million CHF in sectors where the demand is higher. Besides that it would be necessary to establish a heavy administrative system for control over allocation and utilization of the financing, which would be incommensurable with the amount of the contribution;

2) To avoid time-consuming and complicated implementation procedures and at the same time to ensure both achievement of the Swiss Programme's goals and as effective use of the contribution as possible, it would be necessary to ensure concentration of financial resources allocating them to few large Projects, thus avoiding scattering of the contribution among many small projects;

3) Taking into account the experience gained in administration of the Financial mechanisms the number of projects submitted in all priorities during open calls significantly exceeded the available amount of the contribution. As the Financial mechanisms' project evaluation and approval process was very long – even up to 14 months, it was concluded that for effective acquisition of the contribution it is necessary to facilitate more block grants and programmes, rather than open calls for individual projects. Also it was noted that during the lengthy evaluation phase project's costs and in some cases even activities changed significantly;

4) In the result of inter-ministerial meetings concrete Projects' activities, which were not covered or just partly covered by other foreign contribution funds, were received from the line ministries corresponding to national strategic planning, sectoral development documents and criteria defined by the Swiss Federal Council.

Taking into account the above mentioned the NCU proposed to the Cabinet of Ministers to support Project selection procedure which foresees approval of Projects submitted by the line ministries, corresponding to focus areas and identified with criteria set in the Framework Agreement. On the basis of proposals submitted by the line ministries within the focus areas the Cabinet of Ministers on 4 December 2007 approved the list of priority Projects according to the table below:

Table 1 “The list of priority Projects”

Focus areas	Sub-priorities	Project activities	Competent authorities
Security, stability and support for reforms	Regional development initiatives in peripheral or disadvantaged regions	To procure transport for school children	Ministry of Regional Development and Local Government
	Regional development initiatives in peripheral or disadvantaged regions	To establish youth initiative and crisis centres	Ministry of Children, Family and Integration Affairs
	Modernisation of the judiciary	To enhance the performance of the judicial system and the access to justice	Ministry of Justice

Focus areas	Sub-priorities	Project activities	Competent authorities
Environment and infrastructure	Rehabilitation and modernisation of basic infrastructure	Remediation of historically polluted sites	Ministry of Environment
Promotion of the private sector	Improved regulation of the financial sector	Improvement of legislative basis according to Acquis Communautaire targeted to Corporate Financial Reporting	Ministry of Finance
Human and social development	Research and development	Scholarships for advanced degree and post-graduation studies in Switzerland	Ministry of Education and Science
Special allocations	NGO Block Grant	To promote civil society's contribution to economic and social cohesion as important actors of development and participation	SIF
	TAF	Latvian administration of the Swiss Programme including preparation, implementation, monitoring, evaluation	NCU
	PPF	To support the preparation of final Project proposals	NCU

2. Reporting on the status of the Swiss Programme

2.1. Statements on approved Projects, progress of Project identification, preparation and foreseeable commitments

In compliance with the Protocol Decision of 4 December 2007 by the Cabinet of Ministers about supported priorities in the framework of the Swiss Programme the responsible ministries and institutions had to prepare Project outlines till 1 May 2008.

During second quarter of 2008 the responsible line ministries and institutions submitted to the NCU following Project outlines which are presented in the table below:

Table 2 “Project outlines”

Focus area	Title of Project	Approach	The applicant of Project
Promotion of the private sector	Financial reporting technical assistance project	Individual project	Ministry of Finance, Department of Coordination and Analysis of Accounting Methods
Security, stability and support for reforms	Modernization of courts in Latvia	Individual project	Ministry of Justice, Court Administration
	Implementation of local governments activities by ensuring the transportation of school children and related support measures	Individual project	Ministry of Regional Development and Local Government, State Regional Development Agency
	Support for the development of youth initiatives in peripheral or disadvantaged regions	Programme	Ministry of Children, Family and Integration Affairs
Environment and infrastructure	Remediation of historically polluted areas in Sarkandaugava	Individual project	State Hazardous Waste Management Agency
NGO Block Grant	NGO fund	Block grant	SIF

On 25 July 2008 in the first Steering committee meeting all 6 Project outlines were approved and submitted to the Embassy, however Swiss competent authorities approved only five Project outlines.

The Project outline “Support for the development of youth initiatives in peripheral or disadvantaged regions” was not approved. Swiss competent authorities requested whether to focus on soft activities as it is set in the Annex 1, Point 4 of the Framework Agreement or to initiate amendments in the Framework Agreement. The applicant decided to revise the Project outline in accordance with conditions set out in the existing Framework Agreement.

On 19 February 2009 in the second Steering committee meeting following final Project proposals were approved:

- “Financial reporting technical assistance project” (the total financing – 1 977 795 CHF which is 100% Swiss contribution);

- “Implementation of local governments activities by ensuring the transportation of school children and related support measures” (the total financing – 20 885 355 CHF, including 23,4% national co-financing);
- “Modernization of courts” (the total financing – 9 411 765 CHF, including 15% national co-financing);
- The outline “Support for the development of youth initiatives in peripheral or disadvantaged regions” (the total financing – 4 705 883 CHF, including 15% national co-financing).

All of them were submitted to the Embassy for final decision on 24 February 2009.

The final Project proposal “Remediation of historically polluted areas in Sarkandaugava” will be submitted to the NCU in the last quarter of 2009 after completion of the PPF project.

More detailed overview about above mentioned Projects is given in the Annex “Short descriptions of Projects”, whereas further information about the NGO fund is given in the Chapter 3 “Reporting on block grants, the PPF, the TAF and the Scholarship Fund”.

On 24 February 2009 the first final Project proposal „Financial reporting technical assistance project” was approved by the SECO. The Project agreement between the Ministry of Finance and the SECO is planned to be signed during May 2009.

The final Project proposals “Modernization of courts”, “Implementation of local governments activities by ensuring the transportation of school children and related support measures” and the Project outline “Support for the development of youth initiatives in peripheral or disadvantaged regions” are foreseen to be approved by Swiss competent authorities during April/May 2009.

2.2. Overall planned financial flow of Projects

Indicative financial flow of Projects received from Executing agencies or Intermediate body is presented in the table below:

Table 3 “Indicative financial flow by years”

Title of Project	Total grant, CHF	Grant per year, CHF								
		2009	2010	2011	2012	2013	2014	2015	2016	2017
Financial reporting technical assistance project	1 977 795	562 476	841 764	410 047	35 343	128 165				
Implementation of local governments activities by ensuring the transportation of school children and related support measures	16 000 000	3 256 120	12 743 880							
Modernization of courts	8 000 000	300 853	3 063 492	4 091 258	544 397					
NGO fund	3 500 000	29 887	895 034	2 006 250	568 829					
Support for the development of youth initiatives in peripheral or disadvantaged regions *	4 000 000									
Preparation for implementation the Project “Remediation of historically polluted areas – in Sarkandaugava” (PPF)	99 450	99 450								
Remediation of historically polluted areas – in Sarkandaugava**	13 000 000									
TAF	655 753	99 703	58 744	69 703	61 530	59 589	73 619	69 771	80 183	82 911
TOTAL	47 232 998	4 348 489	17 602 914	6 577 258	1 210 099	187 754	73 619	69 771	80 183	82 911

* The Project outline is under approval process in Switzerland.

** The final Project proposal will be prepared after completion of the PPF project.

3. Reporting on block grants, the PPF, the TAF and the Scholarship Fund

The Annex 1 of the Framework Agreement determinates special allocations and block grants within the Swiss Programme and they are as follows:

- NGO Block Grant;
- Scholarship fund;
- TAF;
- PPF.

NGO fund

Taking into account Swiss Programme's conditions concerning appointment of the Intermediate body, as well as considering previous experience in administration of foreign assistance projects aimed at strengthening NGOs the NCU recommended the SIF as the Intermediate body. The SIF manages the implementation of the Financial mechanisms' NGO fund which in its sense and according to its goals has similar purpose and form of administration. The SIF completely meets criteria prescribed for the Intermediate body in the Framework Agreement. Taking into account its experience the SIF would be able to ensure effective management of resources and performance of the Swiss Programme's block grant Intermediate body functions. On the above mentioned grounds the SIF was approved by the Swiss competent authorities as the Intermediate body of the NGO fund on 10 March 2008.

On 15 December 2008 the Project outline was approved by the Swiss competent authorities and the final Project proposal will be submitted to the Embassy for approval by the end of April 2009.

The overall objective of the NGO fund is to promote civil society's contribution to economic and social cohesion by supporting NGOs' activities in the field of increasing life quality of children, youth and retired persons. These target groups were selected, because they are main population groups subjected to the social exclusion and risk of poverty in Latvia as well the existing financial instruments available for NGO sector are not focused on these groups. The NGO fund will support NGOs' bottom-up initiatives. Total available allocation for the NGO fund is 4 117 647 CHF, including 15% national co-financing.

It is foreseen to announce single open call at the end of 2009/beginning of 2010. In accordance with the legal system of Latvia before the open call for subprojects is launched the Open Call Guidelines should be adopted by the Cabinet of Ministers as the Rules of the Cabinet of Ministers. These guidelines shall include provisions for organization of the open call and evaluation of subprojects' applications.

The grant for subprojects shall be in the range of 10 000 to 200 000 CHF. There will be two types of subprojects:

- Micro subprojects with grant amount of 10 000 to 49 999 CHF;
- Macro subprojects with grant amount of 50 000 to 200 000 CHF.

1/3 of all subprojects' financing shall be allocated to micro subprojects, whereas 2/3 – for macro subprojects. The maximum length for micro subprojects will be 12 months and for macro subprojects – 18 months. It is planned that approximately 50 subprojects will be implemented within the NGO fund.

Scholarship fund

The Scholarship fund in Latvia will be implemented within the scope of the Scientific Exchange Programme between Switzerland and the new European Union Member States. The Scholarship fund will be managed in Switzerland. During the meeting in Latvia on 30 September 2008 as the Intermediate body for the Scholarship fund was mandated the CRUS, but as the Coordination body – the APA and both parties – Latvian and Swiss – agreed on that.

The Project agreement between the SDC and the NCU is in harmonization process. The Memorandum of Understanding between CRUS and APA is under discussions between involved institutions. After signing of the Project agreement, the Implementation agreement between the CFCA, the Ministry of Education and Science and APA will be signed.

It is foreseen to launch open calls annually each autumn from 2009 till 2014. There are 28 eligible higher education institutions (universities, colleges) for participation in the Scholarship fund in Latvia.

The national assessment of proposals will be carried out at Home institution and at Coordination body. The Coordination body will be responsible for decision making on the compliance of submitted proposals with administrative criteria and its transmission to the next stages of the assessment process or non compliance with administrative criteria and the rejection of the proposal. The above mentioned decision and the national assessment will be made within two months from the proposal submission deadline. The final decision on proposals will be made in Switzerland by CRUS within three months time after proposals are received from Latvia.

In the meeting on 30 September 2008 the Ministry of Education and Science offered to give Swiss researchers a possibility to do lecturing or share research experience in Latvian institutions (short term grants for period between 3 days up to 2 months). The donorstate agreed with this suggestion therefore further amendments in the Annex 1 of the Framework Agreement are requested.

It was agreed to allocate maximum 500 000 CHF for this activity leaving the Scholarship fund with total grant of 2 000 000 CHF.

As short term grants for Swiss researchers can't be offered within the Scientific Exchange Programme a separate project with an Intermediate body in Latvia will be established. The usual approval process will be used for this activity – a Project outline and later a final Project proposal will be submitted for the Swiss competent authorities for approval.

TAF and PPF

According to the Annex 3 of the Framework Agreement the Executing agency of the TAF and the Intermediate body of the PPF is the Ministry of Finance acting as the NCU. The Financial Instruments Coordination Department is responsible for day-to-day implementation and coordination of the TAF and the PPF.

The TAF and the PPF was approved by the Swiss competent authorities on 20 November 2008. On 21 January 2009 the TAF and the PPF Project agreement has been signed between the NCU and the SDC and the SECO.

The TAF is planned to be implemented from January 2009 till June 2017. The total grant of the TAF is 900 000 CHF and for the PPF – 300 000 CHF. The eligible institutions for the TAF is the NCU, including the CFCA, the Paying Authority, the Internal Audit Department of the Ministry of Finance and Intermediate bodies and for the PPF – Executing agencies and Intermediate bodies.

There was only one application submitted within the PPF namely "Preparation for implementation the Project "Remediation of historically polluted areas – in Sarkandaugava". The application was prepared together with the Project outline "Remediation of historically polluted areas – in Sarkandaugava" and both of them were approved by Swiss competent authorities on 23 December 2008.

On 2 March 2009 the Implementation agreement between the NCU and the State Hazardous Waste Management Agency (the Executing agency) about the project was signed. The objective of the project is to obtain the necessary data on historically polluted areas in Sarkandaugava and to prepare the appropriate documentation in order to complete the final Project proposal. Total eligible costs of this project is 117 000 CHF, including 15% national co-financing. The implementation period shall be six months. Planned duration is from April 2009 till September 2009.

4. Proposals for the allocation of non-committed funds

According to the Annex 1, Point 4 of the Framework Agreement not yet allocated financing is 6 680 000 CHF.

In compliance with the Protocol Decision of 4 December 2007 by the Cabinet of Ministers there was a proposal to allocate non-committed funds of the Swiss Programme to priorities such as:

- Health care;
- Culture.

However taking into account significant changes in economical situation of Latvia the Cabinet of Ministers may decide to support other priorities.

In respect of non-committed funds it has to be admitted that there are current savings in the amount of 22 205 CHF within the priority “Promotion of the private sector”.

Also the current indicative balance left over within:

- The TAF is 244 247 CHF;
- The PPF is 200 550 CHF.

In compliance with the Annex 1, Point 3.1.g. of the Framework Agreement two years after the beginning of the Swiss 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 Swiss contribution. Therefore the decision on the priorities for the not yet allocated part of the Swiss contribution will be made in the next reporting period – December 2009.

5. Reporting on administrative implementation issues

During the reporting period the legislation framework for the implementation of the Swiss Programme has been elaborated.

In order to ensure the implementation of the Swiss Programme "Framework Agreement between the Government of the Republic of Latvia and the Swiss Federal Council Concerning the Implementation of the Swiss Programme to Reduce Economic and Social Disparities within the Enlarged European Union" was approved by the Regulations Nr.839 issued by the Cabinet of Ministers on 4 December 2007 and signed on 20 December 2007.

On 8 November 2008 the Saeima adopted the Law which prescribes effective, transparent and corresponding with the sound financial governance principles management of the Swiss Programme in Latvia. The Law basically determines:

- the institutions involved in the management of the Swiss Programme, they rights and duties;
- the procedure for making decisions and appeal of decisions of institutions involved in the management of the Swiss Programme;
- and other specific issues related with the management of the Swiss Programme.

According to the Law the Cabinet of Ministers was entitled to issue respective rules with procedures for the implementation of the Swiss Programme. On the basis of the Law the Rules of the Cabinet of Ministers Nr.273 "Procedure of Latvian and Swiss Programme's Management" were approved by the Cabinet of Ministers on 31 March 2009. These rules determine:

- preparation and approval of a Project outline and a final Project proposal;
- implementation of Projects and subprojects;
- financial control and audit;
- monitoring and evaluation;
- submission of reports on the irregularities discovered and recovering the expenditures unduly paid;
- dispute settlement procedure.

The Law also includes delegation to the Cabinet of Ministers to approve Open Call Guidelines for subprojects' selection within funds, such as NGO and Scholarship.

In order to establish cooperation between institutions responsible for the implementation of the Swiss Programme, i.e., the NCU, the CFCA and the Paying Authority, the Procedure for ensuring implementation of functions of the NCU and the Paying Authority in the implementation of the Swiss Programme has been elaborated.

Also few internal procedures have been elaborated by the NCU for the implementation of the TAF and the PPF:

- "The procedure for ensuring implementation of functions of the Executing agency of the TAF in the Ministry of Finance";
- "The procedure of cooperation between the Ministry of Finance and the CFCA for the implementation of the TAF";
- "The procedure on cooperation between the Ministry of Finance and the CFCA for the management the PPF".

It is planned that in June 2009 four above mentioned procedures will be approved by the Head of the NCU.

The managerial set-up for the Swiss Programme in Latvia is composed of the following institutions:

- NCU (including the CFCA);
- Paying authority;
- Steering committee;
- Intermediate body;
- Executing agency.

The main functions of the **NCU** are as follows:

- ensuring the signing of Project and Implementation agreements as well as Agreements on the implementation of specific allocations;
- establishment and management of the Steering committee;
- ensuring and controlling the effective use of received contribution;
- reporting on detected irregularities, disruptions and frauds;
- audit trail accomplishment in engaged institutions;
- checking of payment claims and interim reports as well as Project competition reports submitted by the CFCA;
- submission of annual Project reports to Switzerland;
- preparation and submission of annual monitoring reports on Projects realization to Switzerland;
- provision of information and publicity activities.

Some of the functions of the NCU are delegated to the **CFCA** which is a state institution under supervision of the Ministry of Finance. The CFCA is responsible for ensuring the administration of the foreign funds allocated to Latvia. The main functions of the CFCA are as follows:

- signing Project Implementation agreements and Agreements on the implementation of specific allocations with the respective Executing agency or Intermediate body;
- monitoring of Projects' implementation in accordance with the signed Implementation agreements;
- providing information to the NCU on detected irregularities during the implementation of the Projects;
- verification and approval of payment claims and interim reports as well as Project competition reports;
- submission of verified payment claims and interim reports as well as Project competition reports to the Paying Authority;
- submission of verified annual Project reports to the NCU.

The Paying authority functions perform the State Treasury. The Paying authority ensures:

- checking and certification of payment claims together with the interim reports and supporting documentation;
- submission of reimbursement requests to Switzerland;
- management of the accounts on which grants from the Swiss Programme is kept;
- making payments after finances have been received from the Switzerland.

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

The **Steering committee** constitutes as an important element in appraisal and approval of Projects. It is made up of representatives with voting rights from the NCU, the CFCA, competent line ministries as well as of representatives with advisory rights from the Embassy, five councils of planning regions, NGO sector and the Paying Authority. The tasks of the Steering committee include approval of Project outlines and final Project proposals as well as approval of the template of the Implementation agreement and monitoring of the implementation of Projects. In order to ensure the work of the Steering committee on 24 September 2008 “Regulations of the Swiss Programme’s Steering committee” have been approved by the head of the NCU. They basically prescribe reviewable documents and decision making process. During reporting period three Steering committee meetings were held.

The **Intermediate body** is any public authority, which is responsible for the implementation of approved block grant or programme. Main functions of the Intermediate body are as follows:

- implementation of block grant or programme according to the Implementation agreement;
- elaboration of Open Call Guidelines and announcement of subprojects’ open calls;
- collection and assessment of proposals;
- approval of proposals;
- signing of the Implementation agreement with subproject’s implementer;
- supervision of the implementation of subprojects;
- reporting to the NCU on the progress of subprojects’ implementation.

The **Executing Agency** is any public authority, which is responsible for the implementation of approved individual project. Main function of the Executing agency is to implement the individual project according to the Implementation agreement. More detailed responsibilities are defined in the respective Implementation agreement.

6. Information and publicity activities

Progress has been made towards publicity measures of the Swiss Programme. The special webpage www.swiss-contribution.lv has been designed for the Swiss Programme in April 2008. It has been regularly updated with all newest and most important information related to the Swiss Programme. The information as well as nearly all documentation on the webpage is available both in Latvian and in English. The themes on the webpage at the moment consist of the following topics:

- General information;
- Priorities;
- Financing;
- News;
- Project application;
- Documents;
- Contacts;
- Links.

Priority specific information about the Swiss Programme in Latvian is published also on web pages of the following Executing agencies:

- The Ministry of Children, Family and Integration Affairs webpage (about the programme „Support for the development of youth initiatives in peripheral or disadvantaged regions”)

http://www.bm.gov.lv/lat/projekti/latvijassveices_finansu_instrumenti/
- The Ministry of Regional Development and Local Government (about the project „Implementation of local governments activities by ensuring the transportation of school children and related support measures”)

<http://www.rapl.gov.lv/pub/index.php?id=88>
- The Court Administration (about the project “Modernization of courts in Latvia”)

<http://www.ta.gov.lv/index.php/lv/17/54/840/index.html>

Publicity measures and information activities are foreseen within the NGO fund and the Scholarship fund as open calls will be announced for the Swiss contribution. All information about these funds, the announcement of open calls, results of evaluation of the submitted and approved subprojects should be placed on respective web pages www.lsif.lv (SIF) and www.apa.lv (APA). It is planned that link from the domain www.sciex.lv will lead to www.apa.lv.

Information for general society about Projects financed from the Swiss contribution will also be ensured within the implementation of each individual project and programme (press releases, information on the radio, television, internet etc.) in compliance with publicity requirements set in the respective Project agreement.

7. Planning for the next reporting period

Latvian action plan for the next reporting period May 2009 – April 2010 is presented in the table below:

Table 4 “The action plan”

Tasks	Quarter			
	2009 II	2009 III	2009 IV	2010 I
Approval of final Project proposals (Courts, School buses, NGO fund) and revised Project outline (Youth) by the Swiss competent authorities	X			
Signing of Project agreements*	X	X		
Signing of the Implementation agreements*	X	X		
First open call for proposals under the Scholarship fund		X		
Development of the NCU Procedures Manual			X	
Open call for subprojects under the NGO fund			X	
Submission of the Project outline “The possibility for Swiss researchers to do lecturing or share research experience in institutions in Latvia” to the Embassy			X	
Decision about non-committed funds			X	
Submission of the final Project proposal “Remediation of historically polluted areas in Sarkandaugava” to the Embassy (after implementation of the PPF)				X
Submission of Project outlines to the NCU according to decision about non-committed funds				X

* For following Projects:

- Modernization of courts in Latvia
- Implementation of local governments activities by ensuring the transportation of school children and related support measures
- Scholarship fund
- Financial reporting technical assistance project
- NGO fund

8. Amendments in the Framework Agreement

Amendments in the Framework Agreement are foreseen in the Annex 1, Point 4 within the priority “Human and social development” as the Ministry of Education and Science has offered an extra activity “The possibility for Swiss researchers to do lecturing or share research experience in institutions in Latvia” to be financed by the Swiss contribution of 500 000 CHF and implemented by Intermediate body in Latvia as a separate block grant with national co-financing of 15 %. The mentioned amendments in the Framework Agreement are planned to be introduced shortly after the annual meeting with exchange of letters between the involved parties.

Amendments in the Framework Agreement are planned as follows:

Annex 1: Conceptual Framework of the Swiss Programme

Point 4: Thematic focus and indicative financial allocations

Table 4: Human and social development; Focus area 5 "Research and development"

The wording of the listed type of eligible projects in the column headed “Approach, objectives and eligible projects” under “Block Grant approach with the following objective: To strengthen the scientific potential through enhanced access to education and research through selective promotion programmes. Types of eligible projects:” shall be changed to

- Scholarships for advanced degree and post-graduation studies in Switzerland **(2 million CHF)**
- **Short term grants for researchers from Swiss institutions to do lecturing or to share research experience in Latvian institutions (0,5 million CHF).**

9. Conclusions and lessons learned

Up to date an effective cooperation has been established between the NCU and the Embassy. The Embassy has been very responsive and open to meetings and discussions proposed by the NCU or Project applicants.

It has to be stressed that the Framework Agreement was signed on 20 December 2007 and already after a year all Project outlines were approved (except one “Support for the development of youth initiatives in peripheral or disadvantaged regions”). Up to date one final Project proposal is approved by the Swiss competent authorities, one Project agreement has been signed and the rest of the final Project proposals are nearly approved and Project agreements for them have been drafted. This shows how effective was the approach chosen by Latvian government – to implement several big Projects.

Taking into account broad experience gained in the work with establishment of the management and administration system of the Financial mechanisms and other foreign assistance funds, the NCU tried to simplify the legal framework of the Swiss Programme. As the result two main legal acts were elaborated by the NCU for the Swiss Programme – the Law and single Rules of the Cabinet of Ministers determining overall management of the Swiss Programme, whereas for the Financial mechanisms besides the Law there were five separate Rules of the Cabinet of Ministers approved. Also instead of separate Steering committee and Monitoring committee as it was within the Financial mechanisms, for the Swiss Programme just one single Steering committee was established. The management system for the Swiss Programme due to above mentioned improvements is simplified.

The first Project agreement has been signed, however harmonization process of Project agreements turned out as quite time consuming process, because Project agreements for the TAF/PPF, the Scholarship fund and the Financial reporting technical assistance project contained Project specific conditions which caused deviations from the previously agreed standard version. Taking into account that a final standard template for the Project agreement has been recently elaborated, we hope that further Project agreements’ harmonization process will be less time consuming.

From the previous experience in dealing with the Financial mechanisms the NCU has concluded that specific guidelines on different implementation issues elaborated by donorstates are very helpful in the management of the foreign financial contribution, especially in the very initial stage when the detailed national implementation system is being set up. Since there are no guidelines foreseen for the Swiss Programme, the NCU predicts that, when the actual implementation of Projects will begin, an intensive communication between the parties is expected in order to clarify different aspects of implementation issues.

Short descriptions of Projects

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1. Financial reporting technical assistance project

The project “Financial reporting technical assistance project” will be implemented by the Ministry of Finance as the Executing agency and by its partners the World Bank Centre for Financial Reporting Reform and the Latvian Association of Sworn Auditors.

The project covers 4,5 years period with expected start in May 2009. The total grant of the project is 1 977 795 CHF which is 100% Swiss contribution.

The overall objective of the project is to ensure conformity of Latvian accounting and auditing legislation with the *acquis communautaire* and proper functioning of administrative institutions and as well as to improve and strengthen administrative capacity in financial reporting policymaking field, legislation and standard settings.

The project activities are as follows:

- Enhancement of institutional capacity to implement international accounting (financial reporting) and auditing standards;
- Enhancing the relationship between tax and accounting in a European Union Member State;
- Translation of international accounting (financial reporting) and auditing standards translation;
- Management/publicity/audit.

The project’s target group includes a wide range of stakeholders who use financial information, including small and medium sized companies, large groups, financial institutions, institutional, credit rating agencies, institutional and retail investors, and tax authorities.

The successful implementation of this project will enhance the quality and reliability of the accounting and auditing process, financial statements, the public oversight and quality assurance systems in Latvia.

The results of the project will be:

- 28 seminars – training programs for respective stakeholder groups (e.g. civil servants, the Audit Advisory Board) about international accounting and auditing standards;
- 1 IT system (development of methodology tools supported by IT system for Latvian medium and small size commercial companies of sworn auditors);
- 2 terminology dictionaries (a guide to accounting and auditing terms);
- 600 publications about international accounting and auditing standards (translated standards in Latvian language will be published).

2. Implementation of local governments activities by ensuring the transportation of school children and related support measures

The Executing agency of the project “Implementation of local governments activities by ensuring the transportation of school children and related support measures” is the State Regional Development Agency. The project partners will be 60 amalgamated local governments in peripheral and disadvantaged regions of Latvia chosen in accordance with the transportation system analysis carried out by expert team.

The implementation period of the project is a bit more than a year. The total allocation for the project is 20 885 355 CHF, including 23,4% national co-financing.

The project is highly relevant to provide attractive environment for living, work and recreation in regions. One of the actual necessities is to ensure safety of children. Distances to local schools are considerable, and way to and back from school is unsafe for children not only because of possible traffic accidents (in most of the cases there are no side roads on local government roads), but also lately increased number of children abduction on the road. The consequence is that children in rural areas tend not to attend school or families move to bigger cities with better infrastructure and services.

The overall objective of the project is to improve the schoolchildren transportation system in peripheral and disadvantaged regions of Latvia which is based on a transportation system analysis including a beneficiary needs assessment. The purpose of the project is to enhance access to qualitative education and to increase safety of school children in peripheral and disadvantaged regions of Latvia by ensuring their transportation to schools and by increasing the quality of means of transportation.

The main project activities are:

- Procurement process for purchase of necessary transportation means corresponding to local governments` needs, itinerary load and road conditions;
- Acquisition of 110 school buses for local governments;
- Management/publicity/audit.

The project’s direct target group is approximately 9000 schoolchildren and local schools in municipalities and indirect target group is families with schoolchildren (inhabitants of local governments).

By improving the transportation within itineraries of sparsely populated areas under local government transportation duties would improve infrastructure accessibility and service availability thus improving the life of inhabitants of covered areas.

3. Modernization of courts in Latvia

The project “Modernization of courts in Latvia” will be implemented by the Court Administration. The project partners are the Latvian Prison Administration and the Supreme Court of the Republic of Latvia.

The implementation period is foreseen 3 years. The total allocation is 9 411 765 CHF, including 15% national co-financing.

The judiciary of Latvia consists of mixed, three level court system – 35 city courts, 6 district courts and the Supreme Court. There are around 500 judges and 1500 court staff in the courts. Lengthy court proceedings urge the courts to be more productive and show higher performance by number of cases closed. Most of the court procedures are carried out manually by judges and court staff. Strengthening the capacity of judiciary by introducing new technologies (e.g. videoconference, sound recording, e-services) in courts and court management is a key element to raise performance indicators of the courts and to reduce costs of the courts. The internal court procedures are not well defined and they vary from court to court. This makes inhabitants and business confusing, and cost management – impossible. The court procedures need to be improved and well documented for better cost and resource management in the court. Most of the incoming documents (e.g. claims) are received in paper based form. The processing of paper-based documents takes large human resources and lowers the performance of the courts. There are court electronic services, electronic forms for inhabitants and business needed to be introduced to improve court service delivery and raise court performance.

The overall objective of the project is to modernize courts of Latvia through use of technology and establishment of modern methods in court management. The project has two main goals:

- To strengthen the capacity of judiciary and to improve the quality of judiciary by introducing new technologies in court proceedings and court management;
- To provide more extensive approach to the concept “access to judiciary” for the inhabitants and business.

The main activities of the project are:

- Improvement of quality of the judiciary (set-up videoconference equipment in courts/prisons and audio recording equipment in court proceedings; improve cost management of the courts and court proceedings and effectiveness of court procedures);
- Improvement of direct access to the courts through use of new technologies and delivery of information and service to the inhabitants and business;
- Management/publicity/audit.

The target group is members of the society, parties of the court proceedings, visitors of the courts, personnel of courts and prisons.

The expected outcomes are as follows:

- 77 videoconference equipment units installed in the courts and prisons;
- 250 court rooms equipped with sound recording equipment;
- 60 information kiosks and modern unified information boards installed in the courts;
- 40 forms for claims and documents for court proceedings developed;
- Procedures for cost control and cost reduction in courts implemented;
- Unified court procedures for time and other resource reduction implemented;
- Five electronic services developed and Court intranet implemented.

4. Support for the development of the youth initiatives in peripheral or disadvantaged regions

The applicant of the programme “Support for the development of the youth initiatives in peripheral or disadvantaged regions“ currently is the Ministry of Children, Family and Integration Affairs of the Republic of Latvia.

The programme’s implementation period is foreseen 6 years. The total financing for the programme is 4 705 883 CHF, including 15% national co-financing.

The programme consists of following activities:

- Establishment of 10 multifunctional youth initiative centres;
- Provision of trainings, exchanges and events for youth;
- Provision of trainings for persons involved in youth work;
- Management/Publicity/Audit.

The programme has two main goals:

- to promote support to youth initiatives with methods of non-formal education ensuring planned, practical set of activities for young people as well as creating possibility to spend leisure time usefully for their valuable growth;
- to promote youth initiatives to take active part in decision making and social life thereby enlarging possibility for youth and persons involved in youth work to obtain necessary competences and skills.

The target group of the programme is young persons aged from 13 to 25 years in peripheral or disadvantaged regions and persons involved in youth work.

Expected results are following:

- 10 multifunctional youth initiative centres in peripheral or disadvantaged regions established (2 centres in each of 5 planning regions) with premises for trainings and seminars, leisure room, office and overnight stay;
- For at least 2400 young persons trainings from all planning regions in frame of peer to peer learning methodology provided;
- In total 100 seminars for young persons in frame of peer to peer learning methodology implemented;
- 5 regional conferences and 1 international conference for pupils with participation of 1000 young persons in total organised;
- 2 national and 10 regional forums on significance of voluntary work and mobility of youth and civil society by participation of 1600 young persons and people involved in youth work in total organised;
- Best practices from the trainings and other events for young persons and persons involved in the youth work will be compiled in the manual of best practices which will be available in the electronic format.
- For at least 200 in youth work involved persons trainings provided.

5. Remediation of historically polluted areas – in Sarkandaugava

The applicant of the individual project “Remediation of historically polluted areas – in Sarkandaugava” is currently the State Hazardous Waste Management Agency (Agency of the Ministry of Environment). The project will be implemented together with the project partners Riga City Council and the Freeport of Riga.

The implementation period is foreseen 5 years. The total financing is 15 300 000 CHF, including 15 % national co-financing.

There are still areas of intense historical pollution in the territory of Latvia from which pollution spreads further into ground, groundwater, surface waters, endangers environmental objects and human health. Part of such areas now is overtaken by the municipality who has no resources or experts required for performance of remediation measures. By the April 2008 3527 sites were entered as polluted and potentially polluted areas in the Registry of the Latvian Environmental, Geological and Meteorological Agency, 238 sites were classified as polluted, but 2620 – as potentially polluted areas.

Project in general has two basic objectives:

- to achieve improvement of soil, ground, underground and surface water quality in Sarkandaugava area;
- to restore and improve environmental quality of polluted areas and prevent danger to human health in Sarkandaugava area.

Expected results are following:

- An improved quality of soil, ground, groundwater and surface waters in Sarkandaugava (estimated polluted area is approximately 25 000 m²);
- To reduce pollution from light and viscous petroleum product up to 40%.

Project activities for remediation works in the area of Sarkandaugava:

- Remediation of light and viscous petroleum products;
- Dissolution and utilization of light and viscous petroleum product pollution source;
- Management/Publicity/Audit.

Target group is inhabitants of the historically polluted area in Sarkandaugava – local area that was historically polluted will be purified and environment improved, danger to human health will be eliminated.