

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  
May 2009 – March 2010***

Riga  
March 2010

## **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

**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

**MoF** – the Ministry of Finance

**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

**SEDA** – the State Education Development Agency

**SES** – the State Environment Service

**SRDA** – the State Regional Development Agency

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

**Swiss Programme** – the Swiss-Latvian Cooperation Programme

**TAF** – the Technical Assistance Fund

## Table of content

Summary.....	4
1. Reporting on administrative implementation issues.....	5
2. Reporting on the status of focus areas.....	7
2.1. Priority sector “Security, stability and support for reforms” .....	8
2.2. Priority sector “Environment and infrastructure”.....	10
2.3. Priority sector “Promotion of the Private Sector”.....	10
2.4. Priority sector “Human and Social Development”.....	11
2.5. Special allocations.....	12
3. Disbursement plan of projects .....	15
4. Information and publicity activities.....	16
5. Proposals for the allocation of non-committed funds.....	17
6. Planning for the next reporting period.....	19
7. Amendments in the Framework Agreement.....	20
<i>Annex Publicity measures and information activities within projects.....</i>	<i>22</i>

## Summary

According to the Article 8.2 of the Framework Agreement, the MoF 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 May 2009 – March 2010*.

The document aims to present the process of implementation of the Swiss Programme in Latvia and describes activities planned for the next reporting period: April 2010 – March 2011.

This document will be discussed during annual meeting with the donorstate planned on 14 April 2010.

Main actions of the NCU and other institutions responsible for the implementation of the Swiss Programme in Latvia undertaken in the reporting period were concentrated on approval of projects` outlines and final proposals, signing of Project agreements and Implementation agreements, tasks related to the successful implementation of projects and launching information activities.

By the end of this reporting period the implementation phase of couple of projects had already begun and first project interim reports together with reimbursement requests have been received at the CFCA and are going through national evaluation stage. Although it is too early to assess the implementation and achievement of the Swiss Programme`s objectives the commitments up to date already constitutes approximately 30.7 million CHF or 51.2% from the total Swiss programme`s funding available for Latvia, which can already be considered as good progress made so far in achievement of common goals.

In the next reporting period actions of the institutions involved in the Swiss Programme will be concentrated on tasks related to the successful further implementation of projects, launching open calls for proposals and in the next time perspective monitoring, control and audit of implemented activities within the Swiss Programme.

## 1. Reporting on administrative implementation issues

In the main Latvian legal documents presented in the previous annual report – the Swiss-Latvian Cooperation Programme Management Law and the Rules of the Cabinet of Ministers on procedure of the Swiss Programme`s management – were not made any changes or amendments.

During the reporting period several internal documents of the MoF were approved as planned:

- The procedure on cooperation between the MoF and the CFCA for the management of the PPF (06.05.2009);
- The procedure of cooperation between the MoF and the CFCA for the implementation of the TAF (04.06.2009);
- The procedure for ensuring implementation of functions of the Executing agency of the TAF in the MoF (03.07.2009);
- The procedure for ensuring implementation of functions of the NCU and the Paying Authority in the implementation of the Swiss Programme (16.07.2009);
- The order for verification of information on Value Added Tax for the Swiss Programme`s funded projects (09.10.2009);
- The NCU`s Procedures Manual (27.11.2009).

During the reporting period there were no Swiss Programme`s Steering committee meetings held, whereas one Steering committee`s written procedure is planned to be organized in March/April 2010 for approval of the project outline “Swiss lecturing activities in Latvia“.

The NCU has elaborated a template of:

- the Project Interim Report;
- the Reimbursement Request;
- the Annual Project Report;

as well as Guidelines for preparation of those reports. All reporting templates were harmonized with the Swiss competent authorities.

According to the internal structural changes within the MoF from 8 June 2009 the deputy state secretary on foreign finance aid coordination issues Mr. Andžs Ūbelis was appointed as a new head of the NCU for the Swiss Programme instead of the previous head of the NCU – Mr. Mārtiņš Bičevskis (the State Secretary of the MoF).

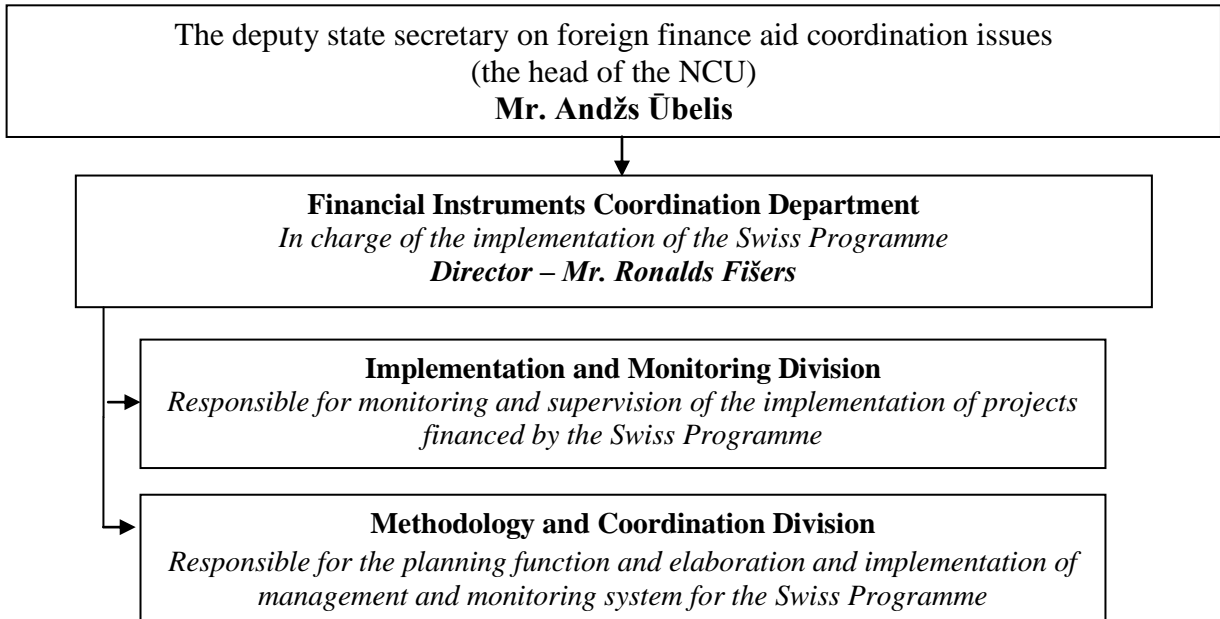
Starting from 1 January 2010 the MoF undergoes significant internal structural reforms. Currently there are four departments functioning under the supervision of the deputy state secretary on foreign finance aid coordination issues (the head of the NCU), including the Financial Instruments Coordination Department, which is responsible for implementation of the Swiss Programme. Other three departments are working with EU Structural funds` and Cohesion fund (hereof – EU funds) matters.

In result of internal structural reforms, these four departments will be merged in two departments under the deputy state secretary responsible for EU funds` issues who will be appointed as a new head of the NCU. According to the MoF Order No.151 of 3 March 2010, from 1 April 2010 the Financial Instruments Coordination Department is liquidated and the respective functions, incl. the Swiss Programme`s implementation, will be undertaken by

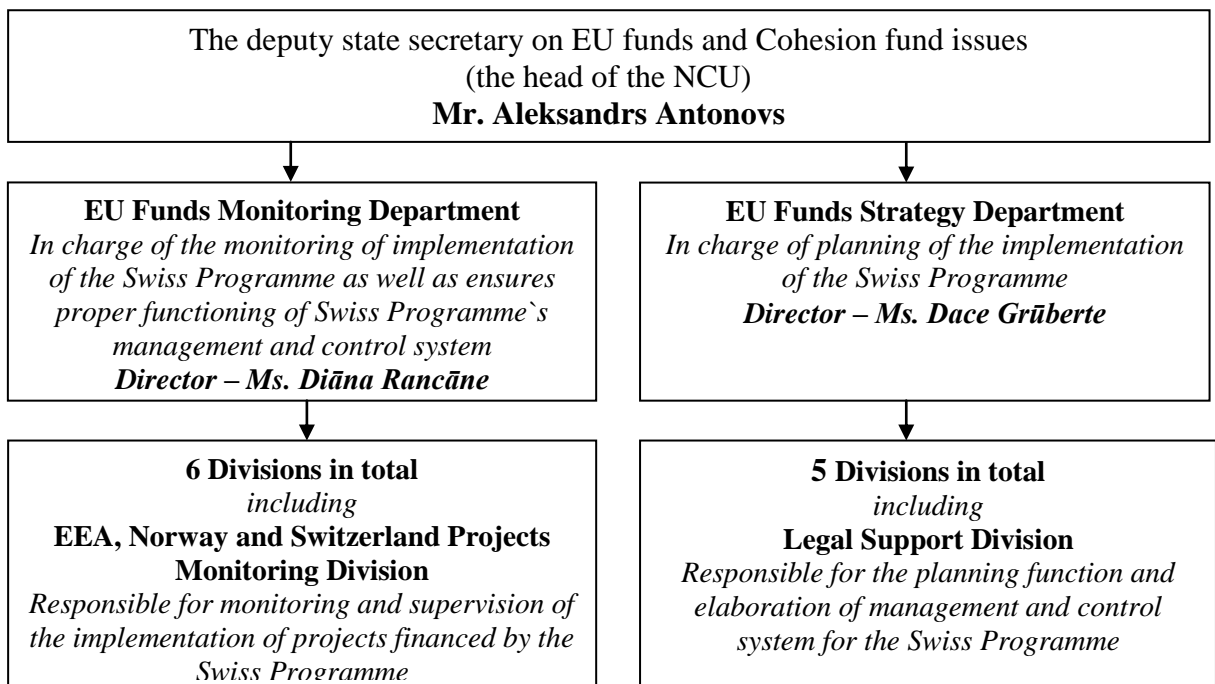
above mentioned other two departments. Nevertheless there will be no impact made on qualitative implementation of the Swiss Programme.

Please see below the previous and the new structure of the NCU and division of NCU's responsibilities.

Scheme 1 "Previous structure of the NCU (*in force till 31.03.2010*)"



Scheme 2 "New structure of the NCU (*in force from 01.04.2010*)"



## 2. Reporting on the status of focus areas

According to the Framework Agreement, Annex 1, Point 4 the Swiss Programme covers four priority sectors with five focus areas and special allocations shown in the table below:

Table 1 “Priorities and indicative financial allocation”

Priority sector	Focus area	Indicative financial allocation, CHF	Committed grant, CHF	% (committed grant vs. financial allocation)	Utilized grant within the project, CHF (till 31.12.2009)	% (utilized grant vs. committed grant)
Security, stability and support for reforms	Regional development initiatives in peripheral or disadvantaged regions	Up to 20 million	16 000 000	80	13 907	0,1
	Modernisation of the judiciary	Up to 8 million	8 000 000	100	54 907	0,7
Environment and infrastructure	Rehabilitation and modernization of basic infrastructure	Up to 13 million	0	0	0	0
Promotion of the Private Sector	Improved regulation of the financial sector	Up to 2 million	1 977 795	98,89	n/a*	n/a*
Human and Social Development	Research and development	Up to 2,5 million	0	0	0	0
Special allocations	NGO fund	Up to 3,5 million	3 500 000	100	0	0
	TAF	Up to 0,9 million	900 000	100	12 629	1,40
	PPF	Up to 0,3 million	300 000	100	76 377	25,46
	Swiss programme management	3 million	n/a	n/a	n/a	n/a
Not yet allocated		6,68 million	0	0	0	0
<b>Total</b>		<b>59,88 million</b>	<b>30 677 795</b>	<b>51,23</b>	<b>157 820</b>	<b>0,51</b>

Data in the table presents only Swiss programme’s funding excluding national co-financing.

\*The first project interim report and reimbursement request is not submitted to the CFCA yet as the project partner World Bank has not provided information /supporting documentation for the Executing agency about activities taken and expenditures made during the first reporting period.

In Latvia it is foreseen to implement not less than 10 projects in total with the help of the Swiss Programme. From the date when the Framework Agreement was signed in December 2007 till the end of the reporting period the commitment for Latvia constitute to 30 677 795 CHF or 51,23% from the total Swiss Programme's commitment.

## **2.1. Priority sector “Security, stability and support for reforms”**

Under the focus area “**Regional development initiatives in peripheral or disadvantaged regions**” two projects will be implemented:

- “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). The Executing agency is the SRDA and the competent line ministry is the Ministry of Regional Development and Local Government;
- “Support for the development of youth initiatives in peripheral or disadvantaged regions” (the total financing – 4 705 883 CHF, including 15% national co-financing). The ministry in charge of the project outline is the Ministry of Education and Science.

The final project proposal “Implementation of local governments activities by ensuring the transportation of school children and related support measures” was approved by SDC on 28 July 2009. The Project agreement between the NCU and the SDC was signed on 11 August 2009. The Implementation agreement between the CFCA, the Executing agency and the competent line ministry was signed on 14 September 2009.

The project implementation started straight after the Project agreement was signed. First of all an expert company was contracted for elaboration of the procurement documents for acquisition of school buses. In December 2009 the procurement documentation was prepared and submitted to the Embassy for non-objection. The public procurement was announced on 23 December 2009 (the announcement was published in the Procurement Monitoring Bureau's web page [www.iub.gov.lv](http://www.iub.gov.lv); in the SRDA's web page [www.vraa.gov.lv](http://www.vraa.gov.lv) as well as in the Swiss Programme's web page [www.swiss-contribution.lv](http://www.swiss-contribution.lv)). During meetings and discussions held with tenderers corrections to be made in the procurement documentation were clarified, and therefore the documentation was amended twice and the procurement process was extended till 19 March 2010.

Taking into account the actual situation with schoolchildren transportation needs due to the school reform carried out in 2009 in Latvia, the project partner list was updated to 59 local governments instead of previously planned 60 local governments.

According to the detailed budget of the project expenses planned for the first reporting period (till the end of 2009) were estimated in amount of 35 325 CHF, whereas actual project's expenses made in 2009 were in the amount of 18 155 CHF or 0,1% from the total project's costs. Unutilized funding in 2009 due to certain savings in the project's activities will be transferred for next years of project's implementation.

The project outline “Support for the development of youth initiatives in peripheral or disadvantaged regions” was approved by the SDC on 13 May 2009 with a condition to implement the PPF subproject for assessment of youth needs and interests. The final project proposal will be elaborated after completion of the PPF subproject “Research on youth training needs and interests in peripheral or disadvantaged regions”. The completion of the



PPF subproject is planned in the end of June 2010 and the final project proposal is foreseen to be submitted to the NCU for assessment in the third quarter of 2010.

According to the Latvian Government's Order No.281 of 6 May 2009 „*On the Ministry of Children, Family and Integration Affairs*” and No.359 of 29 May 2009 „*On reorganization of the Ministry of Children, Family and Integration Affairs*” the Ministry of Education and Science starting from 1 July 2009 took over following functions from the Ministry of Children, Family and Integration Affairs which was liquidated:

- to develop and to implement state policy in youth field;
- to coordinate elaboration and implementation of unitary youth policy by state and municipal institutions, youth organizations and other in youth work involved persons;
- to coordinate and to organize the system of youth work activities, including organization of training for specialists in youth affairs.

Thus, the Ministry of Education and Science is implementing the PPF subproject and will continue with the elaboration of the final project proposal as legal successor of the Ministry's of Children, Family and Integration Affairs obligations.

Under the focus area “**Modernisation of the judiciary**” one project will be implemented:

- “Modernization of courts in Latvia” (the total financing – 9 411 765 CHF, including 15% national co-financing). The Executing agency is the Court Administration and the competent line ministry is the Ministry of Justice.

The final project proposal was approved by the SDC on 20 May 2009. The Project agreement between the NCU and the SDC was signed on 25 June 2009. The Implementation agreement between the CFCA, the Executing agency and the competent line ministry was signed on 17 August 2009.

The project implementation started with 2 months delay from planned time schedule specified in the Project agreement, implementation of project activities have been delayed mostly due to preparation of different procurement documentation, which took longer time than planned. In 2009 the Executing agency announced several procurements within the project: the legal consulting, the preparation of the technical documentation for videoconference solution and sound recording solution, the purchase of court rooms' furniture, telecommunication infrastructure upgrade in courts and prisons and the provision of publicity and information activities. Unfortunately the procurement for the project management services was completed only in March 2010, therefore implementation of the project management activity is postponed. Within the reporting period the study visit to Switzerland was organized with the aim to get acquainted with the use of the videoconference equipment in Swiss Federal Prosecutor's Office and Swiss Federal Supreme Court. The representatives from the Ministry of Justice, the Court Administration, the Supreme Court and the Riga Regional Court took part in this study visit. The survey on assessment of the current public awareness and attitude about courts and modernization of courts was carried out to measure the effectiveness of planned publicity and information activities within the project. Additional survey will be carried out after implementation of all project's publicity and information activities and results of both surveys will be compared at the end of the project.

According to the detailed budget of the project expenses planned for the first reporting period (till the end of 2009) were estimated in amount of 353 945 CHF, whereas actual project's expenses in 2009 were in the amount of 64 596 CHF or 0,7% from the total project's costs.

Unutilized funding in 2009 due to delays in the implementation of project's activities will be transferred for next years of project's implementation.

## **2.2. Priority sector “Environment and infrastructure”**

Under the focus area “**Rehabilitation and modernization of basic infrastructure**” one project will be implemented:

- “Remediation of historically polluted areas - in Sarkandaugava” (the total financing 15 300 000 CHF, including 15% national co-financing). The Executing agency is the SES.

Taking into account reorganization of several state institutions which Latvian Government made in 2009 also the Hazardous Waste Management Agency with Government's decision made on 30 June 2009 was liquidated since 1 August 2009. However in order to ensure continuation of the PPF subproject's implementation (as well as the following elaboration of a final project proposal), another state administration institution under supervision of the Ministry of Environment - the SES - took over the liabilities of the Hazardous Waste Management Agency to continue implementation of the PPF subproject.

In the end of 2009 the SES successfully completed the PPF subproject "Preparation for implementation the project "Remediation of historically polluted areas – in Sarkandaugava"". On the bases of the PPF research results the draft final project proposal was elaborated by the SES and electronically received at the NCU on 29 January 2010. The NCU has assessed the final project proposal and has submitted its comments to the SES. In parallel the NCU has submitted the draft final project proposal to the State Aid Control Department of the MoF for evaluation of the project from the state aid issue's perspective. The NCU expects to receive the updated final project proposal from the SES officially in the second quarter of 2010.

According to the PPF research results total costs of remediation works in the respective territories of Sarkandaugava (“Woodison Terminal” Ltd., “Eko Osta” Ltd., “OVI” Ltd. and “VL Bunkering” Ltd.) is less than planned within the initial project outline. Therefore the SES and the Ministry of Environment suggested to include an extra territory of Sarkandaugava (“OVI Riga” Ltd.) for remediation works, but within this territory additional research shall be carried out before remediation works. The SES elaborated the application for the PPF funding with the aim to obtain necessary data on historically polluted area in Sarkandaugava – “OVI Riga” Ltd and prepare the appropriate documentation in order to complete the project “Remediation of historically polluted areas in Sarkandaugava”.

It is planned that the final project proposal (including the new PPF application) will be approved in the Steering committee's written procedure in spring 2010 and afterwards submitted to the Swiss competent authorities for approval.

## **2.3. Priority sector “Promotion of the Private Sector”**

Under the focus area “**Improved regulation of the financial sector**” one project will be implemented;

- “Financial reporting technical assistance project” (the total financing – 1 977 795 CHF which is 100% Swiss contribution). The Executing agency is the MoF, Department of Coordination and Analysis of Accounting Methods.

The Project agreement was signed between the NCU and the SECO on 11 August 2009. The Implementation agreement between the CFCA and the Executing agency is in harmonization process and shall be signed in the 2<sup>nd</sup> quarter of 2010. Agreements with both project partners are signed. The Agreement for advisory services was signed with the World Bank's Centre for Financial Reporting Reform on 14 August 2009 and the Cooperation agreement was signed with the Latvian Association of Sworn Auditors on 5 February 2010.

In the end of 2009 the seminar within the activity "Enhancing institutional capacity to implement International Standards on Auditing" was organized by the World Bank for beneficiary states of the Swiss contribution which are implementing financial reporting technical assistance projects. Representatives from the Executing Agency and partner - the Latvian Association of Sworn Auditors - and the Audit Advisory Council took part in this seminar.

The NCU was officially informed by the CFCA on 12.03.2010 that submission of the first project interim report and reimbursement request to the Switzerland will be delayed. According to the article 9.1 of the Project Agreement it has to be submitted till 30 April 2010. The delay will be caused by the fact that the partner of the project - World Bank - is still in elaboration process of internal reporting system and has not provided any information /supporting documentation for the Executing agency about activities taken and expenditures made during the first reporting period: September - December 2009. The partner also has not provided information about the possible timing when for the first project interim report required information /supporting documentation could be sent out to the Executing Agency.

According to the internal structural reforms of the MoF, from 15 March 2010 a new department is in charge of the implementation of the project "Financial reporting technical assistance project". Functions of the Department of Coordination and Analysis of Accounting Methods were delegated to the Department of Taxes and Customs Administration Policy, Accounting Policy Division. Therefore the NCU informs that since 15 March 2010 the new Executing agency for the project is MoF, Department of Taxes and Customs Administration Policy, Accounting Policy Division.

## **2.4. Priority sector "Human and Social Development"**

Under the focus area "**Research and development**" two block grants will be implemented:

- "Scholarship fund" (the total financing – 2 168 761 CHF, including 8,4% Latvian administrative costs) The Coordination body is the SEDA and the competent line ministry is the Ministry of Education and Science;
- "Swiss lecturing activities in Latvia" (the total financing – 588 235 CHF, including 15% national co-financing). The Intermediate body is the SEDA and the competent line ministry is the Ministry of Education and Science.

According to the Latvian government's Order No.652 of 24 September 2009 "*On the liquidation of the State Agency "Academic Programme Agency"*" by incorporating it into "State Education Development Agency" the State Agency "Academic Programme Agency" is liquidated and starting from 1 January 2010 its functions, including coordination of the Swiss Programme's Scholarship fund, was delegated to the SEDA. Swiss competent authorities will be officially informed about the new Scholarship fund's Coordination Body in Latvia.

The Project agreement of the Scholarship fund, which shall be signed between the SDC and the NCU, is harmonized with all involved parties and it is planned to be signed in the second quarter of 2010 and the implementation of the Scholarship fund is planned starting from 1 July 2010. The Cooperation agreement between the CRUS and the SEDA is under discussions between involved institutions. After signing of the Project agreement, the Implementation agreement between national institutions will be signed.

On 29 July 2009 Swiss competent institutions approved amendments in the Framework Agreement, Annex 1, Point 4 under the priority sector "Human and social development". An extra type of eligible project "Short term grants for researchers from Swiss institutions to do lecturing or to share research experience in Latvian institutions" was added to be financed by the Swiss contribution in amount of 500 000 CHF and implemented by an Intermediate body in Latvia as a separate block grant.

The project outline was elaborated by the Ministry of Education and Science and electronically received at the NCU on 5 January 2010. The NCU has assessed the project outline and has submitted its comments to the Ministry of Education and Science, all of them were taken into account by the Ministry. The project outline was also submitted electronically for commenting to the Embassy. Since the Ministry of Education and Science and the Embassy have agreed on all comments which were received from Swiss side regarding the project outline, the Ministry of Education and Science will accordingly update the project outline. The NCU expects to receive the updated project outline officially from the Ministry in the second quarter of 2010. It is planned that the project outline will be approved in the Steering committee in spring 2010 and afterwards submitted to the Swiss competent authorities for approval.

## **2.5. Special allocations**

### **NGO Block Grant**

The final project proposal "NGO Fund" was approved by the SDC on 16 July 2009 (the total financing - 4 117 647 CHF, including 15% national co-financing). The Intermediate body of the block grant "NGO fund" is the SIF. The Project agreement between the NCU, the SIF and the SDC was signed on 11 December 2009. The Implementation agreement between the CFCA and the SIF is in harmonization process and shall be signed in 2<sup>nd</sup> quarter of 2010.

The implementation of the NGO fund activities started in 1 January 2010. During the first quarter of 2010 main actions taken by the SIF were:

- elaboration of internal procedures;
- preparation of detailed documentation for block grant's open call for proposals;
- establishment of the Steering and Small Project Evaluation Committee;
- development and approval of selection criteria for assessors in the Committee;

In accordance with the national legislation system of Latvia before open call for subprojects is launched the Open Call Guidelines should be adopted by the Cabinet of Ministers of the Republic of Latvia as the Rules of the Cabinet of Ministers. And these Rules are planned to be approved in the Cabinet of Ministers in the end of March 2010. Guidelines include provisions for organization of the open call and evaluation of subprojects' applications. Open call therefore is foreseen to be launched during April 2010.

**TAF**

The Project agreement between the NCU, the SDC and the SECO was signed on 21 January 2009 (the total financing – 900 000 CHF which is 100% Swiss contribution).

TAF activities were commenced on March 2009. During the reporting period publicity and translation measures took place, as well as acquisition of computer engineering equipment (including relevant software) for the CFCA.

Taking into account that projects financed by the Swiss Programme in most cases in 2009 were in early inception phase, the NCU had no actual need for outsourcing consulting services as well as to obtain laptop computer, which was originally planned to be used by the contracted consultant.

The NCU informs that according to the internal structural reforms within the MoF, from 1 April 2010 the European Union Funds Monitoring Department will be in charge of the TAF implementation.

**PPF**

The Project agreement between the NCU, the SDC and the SECO was signed on 21 January 2009 (the total financing – 352 941 CHF, including 15% national co-financing).

Two subprojects are supported within the PPF:

- "Preparation for implementation the Project "Remediation of historically polluted areas in Sarkandaugava"" (the total financing – 117 000 CHF, including 15% national co-financing). The Executing agency is the SES;
- "Research on youth training needs and interests in peripheral or disadvantaged regions" (the total financing – 38 824 CHF, including 15% national co-financing). The Executing agency is the Ministry of Education and Science.

According to the PPF application "Preparation for implementation the Project "Remediation of historically polluted areas in Sarkandaugava"" activities were planned to be completed in September 2009, but due to time consuming preparatory activities and change of the Executing agency the subproject was slightly delayed and completed on December 2009.

In the course of subproject implementation it became evident that additional works were necessary to be carried out at beside territory of "VL Bunkering" in order to support achievement of subproject objective. The agreement on additional works within the subproject was signed between the NCU and the SES on 1 December 2009.

By mid-December 2009 the SES completed the subproject and approved the study results. Feasibility study was performed in territory of "Woodison Terminal" Ltd., "Eko Osta" Ltd., "OVI" Ltd. and "VL Bunkering" Ltd. During the Project 22 new bore holes and 3 bar holes were arranged, 6 old bore holes were renewed, samples of polluted soil were taken and analysis of samples was carried out to determine the concentration and level of pollution and topography of the territory. In total the territory of 55 000 m<sup>2</sup> was studied in the area of Sarkandaugava and Milgravis channel.

On the basis of field works and results of laboratory analysis hydro geological computer modelling of historically polluted areas in Sarkandaugava was made, the character, scope and localization of pollution was determined. Based on the results rehabilitation technologies were evaluated, financial-economical analysis of the work scenario was carried out.

Results of the project are used for the development of the final project proposal "Remediation of historically polluted areas in Sarkandaugava" and for the development of procurement procedure documentation for rehabilitation works foreseen in the final project proposal.

Taking into account that the PPF research results showed that less financing will be necessary for remediation works in the following territories of Sarkandaugava: "Woodison Terminal" Ltd., "Eko Osta" Ltd., "OVI" Ltd. and "VL Bunkering" Ltd., the SES suggested and the Ministry of Environment approved the necessity to carry out additional research for the extra territories of Sarkandaugava: "OVI Riga" Ltd. An additional PPF application was elaborated by the SES and electronically received at the NCU on 29 January 2010 together with the draft final project proposal "Remediation of historically polluted areas in Sarkandaugava". The NCU has assessed the PPF application and has submitted NCU's comments to the SES. The NCU expects to receive the updated PPF application officially in the second quarter of 2010. It is planned that the PPF application (including the final project proposal) will be approved in the Steering committee's written procedure in spring 2010 and afterwards submitted to the Swiss competent authorities for approval.

During reporting period the other PPF's application "Research on youth training needs and interests in peripheral or disadvantaged regions" was submitted to the NCU. On 16 November 2009 the Implementation agreement between the NCU and the Executing agency about the subproject implementation was signed. The objective of the subproject is to obtain credible data which would allow making quantitative and qualitative analysis of the current situation in the area of youth interests and training needs and would give a rise for recommendations on establishing the youth centers and necessary trainings, exchange visits and events` programmes.

The procurement for carrying out the research on youth training needs and interests in peripheral or disadvantaged regions was announced in February 2010, but unfortunately the procurement concluded without results. Therefore other procurement was announced on 9 March 2010. The contract for caring out the research is planned to be signed in April 2010. Due to the necessity of repeated procurement procedure the implementation of research will be prolonged till 30 June 2010.

The NCU informs that according to the internal structural reforms within the MoF, from 1 April 2010 the European Union Funds Monitoring Department will be in charge of the PPF implementation.

### 3. Disbursement plan of projects

Indicative disbursement plan of projects in implementation shows planned reimbursements from Switzerland by years. Please see the plan in the table below:

Table 2 “Indicative disbursement plan”

Title of the project	Grant per year, CHF									Total disbursements, CHF
	2009	2010	2011	2012	2013	2014	2015	2016	2017	
TAF	0	90 366	64 224	65 616	60 560	66 604	71 696	74 977	123 003	617 046
Preparation for implementation the Project “Remediation of historically polluted areas – in Sarkandaugava” (PPF)	0	76 377								76 377
Research on youth training needs and interests in peripheral or disadvantaged regions (PPF)	0	33 000								33 000
Financial reporting technical assistance project	0	983 030	626 066	221 285	23 420	123 994				1 977 795
Implementation of local governments activities by ensuring the transportation of school children and related support measures	0	7 800 000	8 200 000							16 000 000
Modernization of courts	0	561 657	5 908 157	995 299	534 887					8 000 000
NGO fund	0	51 000	1 657 500	1 542 450	249 050					3 500 000
<b>TOTAL</b>	<b>0</b>	<b>9 595 430</b>	<b>16 455 947</b>	<b>2 824 650</b>	<b>867 917</b>	<b>190 598</b>	<b>71 696</b>	<b>74 977</b>	<b>123 003</b>	<b>30 204 218</b>

#### **4. Information and publicity activities**

Progress has been made towards publicity measures of the Swiss Programme. Already in the previous annual report it was reported that the special webpage [www.swiss-contribution.lv](http://www.swiss-contribution.lv) has been designed for the Swiss Programme. It has been regularly updated with all newest and most important information related to the Swiss Programme. The information and nearly all documentation on the webpage are still available both in Latvian and in English. The themes of the webpage are supplemented with 4 topics: "Report forms", "Guidelines", "Open call" and "Approved projects".

During reporting period the NCU together with the Communication Department of the MoF made several press releases about signing of Project agreements which were published in internet (on 25.06.2009, 11.08.2009, 11.12.2009).

The largest press attention (in the radio, TV, newspapers, internet) was directed to the signing of the school buses project agreement. Representatives from mass media (largest national news agencies LETA and BNS, TV channels - TV3, First Baltic Channel) also took part in signing ceremony of this Project agreement.

Noticeable publicity in the mass media was caused by the announcement of the public procurement for acquisition of school buses - lot of publications were in the internet and newspapers as well as on TV - as several enterprises had objections to criteria included in the procurement documentation and were complaining about procurement process. The large public interest about this procurement initiated actions taken by the prime minister of the Republic of Latvia. He requested the SRDA and the Procurement Monitoring Bureau of Latvia to report about procurement process and documentation. According to the Procurement Monitoring Bureau's letter dated 08.02.2010, which was sent to the prime minister, there were no illegalities or groundless limiting criteria detected within the procurement documentation in the perspective of procurement regulations or the Latvian public procurement law. At the same time the Procurement Monitoring Bureau pointed out some corrections to be made in the procurement documentation. The Executing Agency incorporated requested changes in the procurement documentation and the procurement continued with the extended deadline for submission of proposals till 19.03.2010.

From the budget of the TAF in December 2009 publicity calendars for 2010 with the Swiss Programme's logo and the web page address ([www.swiss-contribution.lv](http://www.swiss-contribution.lv)) were procured and distributed to all Executing Agencies, Intermediate bodies, competent line ministries and the Embassy.

Detailed overview about publicity measures and information activities carried out at the project level during the reporting period is given in the Annex "Publicity measures and information activities within projects".



## 5. Proposals for the allocation of non-committed funds

### *Non-allocated funds*

During the 1<sup>st</sup> annual meeting held on 26 May 2009 the parties discussed possible areas of interests for non-allocated funds. The NCU mentioned that the Cabinet of Ministers of the Republic of Latvia on 4 December 2007 supported a proposal to allocate non-committed funds for the health care sector and culture priority. The second was excluded as the Swiss side pointed out that the culture priority is not set as one of the supported areas in the Memorandum of Understanding between the Swiss Federal Council and the Council of the European Union, whereas under Memorandum of Understanding funding guidelines of “Human and social development” health is determined as one of supported areas, which can be selected according to the needs of the beneficiary state.

The main assumption while taking a decision on allocation of funds was not to split the non-allocated funds in small parts (preferably to channel it for a single project) in order to gain higher added value from the contribution and to minimize administrative costs related with the implementation of projects. Such approach is also in line with the Framework Agreement, Annex 1 (3.1.a. Main Strategic Considerations, Focusing) stating that efficiency and effectiveness considerations as well as concern for the optimal allocation and use of available resources, are important and such considerations as concentration on a relatively small number of focus areas and projects.

The NCU with the letter dated 22 September 2009 based on actual urgent priorities of Latvia proposed to channel Swiss allocation whether for health sector, i.e., provision of house-care for disadvantaged patients with serious diseases, or for the stimulation of the private sector, i.e., support for small and micro-enterprises. Swiss competent authorities with the letter dated on 14 December 2009 agreed in principal to use the unallocated funds for the promotion of small and micro enterprises and expressed a wish to receive the project outline in the first quarter of 2010.

The decision on allocation of Swiss Programme’s non-committed funds for the specific priority shall be approved by the Cabinet of Ministers of the Republic of Latvia. Therefore the informative report was prepared by the NCU and submitted to the Cabinet of Ministers for approval. The Cabinet of Ministers on 16 March 2010 approved allocation of Swiss Programme’s non-committed fund in amount of 6.68 CHF for the priority “Promotion of the private sector” for Micro Lending Programme.

### *Leftovers*

According to the Framework Agreement Annex 1 Point 4.3 indicative allocation for the focus area “Promotion of the private sector” is up to 2 million CHF. The Project agreement for the project “Financial Reporting Technical Assistance Project” within above mentioned focus area was signed on 11 August 2009 for amount of 1 977 795 CHF.

Therefore current leftover in this focus area is 22 205 CHF, which could be used within the same focus area for Micro Lending Programme.

## *Savings*

Till 1 March 2010 there are following savings recognized within following projects:

- *TAF – approximately 282 955 CHF*

The TAF Project agreement was signed on 21 January 2009 for amount of 0.9 million CHF. According to the Annex 1 “Indicative Budget” of the Project agreement current leftover in the Indicative Budget is 244 247 CHF, which the NCU does not foresee to include in the TAF’s budget.

Additionally there are also savings (up to 1 March 2010) within the TAF budget in amount of 38 708 CHF, which the NCU does not plan to transfer for spending in next years.

Therefore total current leftover in the TAF is 282 955 CHF, which could be used for Micro Lending Programme.

- *PPF – 190 623 CHF*

The Project Agreement for the PPF was signed on 21 January 2009 for amount of 0.3 million CHF. Two projects are supported within the PPF:

1. “*Preparation for implementation the Project “Remediation of historically polluted areas in Sarkandaugava”*” with the grant 99 450 CHF, whereas actual utilized of grant was 76 377 CHF (according to the final project report);
2. “*Research on youth training needs and interests in peripheral or disadvantaged regions*” with the grant 33 000 CHF.

Therefore current savings in the PPF is 190 623 CHF, from which approximately 55 250 CHF could be requested for the second PPF study of historically polluted areas in Sarkandaugava.

The NCU with the letter dated 14 December 2009 proposed Swiss side to channel leftovers and savings to not yet allocated funding of the Swiss Programme (6.68 million CHF). Unfortunately on 3 February 2010 the NCU received official answer from the Embassy that none of de-commitments/redirections are approved and this has to be further discussed during the annual meeting.

## 6. Planning for the next reporting period

Latvian action plan for the next reporting period April 2010 – March 2011 is presented in the table below:

Table 3 “The action plan”

Tasks	Quarter			
	2010 II	2010 III	2010 IV	2011 I
Submission of the <u>project outlines</u> to the Embassy: – “Swiss lecturing activities in Latvia” – “Micro Lending Programme”	X X			
Submission of the <u>final project proposals</u> to the Embassy: – “Remediation of historically polluted areas in Sarkandaugava” – “Support for the development of youth initiatives in peripheral or disadvantaged regions ”(after completion of the PPF) – “Swiss lecturing activities in Latvia” – “Micro Lending Programme”	X	X	X X	
<u>Open calls</u> for proposals under: – “NGO fund” – “Scholarship fund” (the 1 <sup>st</sup> call)	X	X		
Signing of <u>Project agreements</u> : – “Scholarship fund” – “Remediation of historically polluted areas in Sarkandaugava” – “Support for the development of youth initiatives in peripheral or disadvantaged regions” – “Swiss lecturing activities in Latvia” – “Micro Lending Programme”	X	X	X	X X
<u>Completion of the School buses project</u>				X
<u>Audits of projects</u> : – the <i>Intermediary Financial Audit</i> of the Court modernization project – the <i>Final Financial Audit</i> of the School buses project			X	X

## 7. Amendments in the Framework Agreement

Taking into account the information provided in the Part 5 “Proposals for the allocation of non-committed funds” of this report several amendments in the Framework Agreement are proposed by the NCU as follows:

- 1) Annex 1: Conceptual Framework of the Swiss Programme  
Point 4: Thematic focus and indicative financial allocations  
Table 3: “Promotion of the Private Sector”

To be replaced by the following table:

<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>
4	Improved regulation of the financial sector and improving access to financing	<p><b><u>Individual project approach with the following objective:</u></b></p> <p><b>Objective 1:</b> 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> 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>	8.68 million CHF

- 2) Annex 1: Conceptual Framework of the Swiss Programme  
Point 4: Thematic focus and indicative financial allocations  
Last table: Overview on the Indicative Allocations

To be replaced by the following table:

<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>

3) Annex 2: Rules and Procedures for the Swiss-Latvian Cooperation Programme

To be supplemented by an additional Point 6 with the following wording:

**“6. Special Provisions for Financial Assistance**

Repayments and redemptions from the contribution of financial assistance benefiting the private sector within Micro Lending Programme shall be transferred upon maturity to any institution aiming at the same overall objective agreed upon by the two parties.

The modalities, including the transfer of the ownership, shall be laid down in the respective Project Agreement or by exchange of letters.”

**Publicity measures and information activities within projects**

No.	Activity	Target and audience	Date and place
Project "Implementation of local governments activities by ensuring the transportation of school children and related support measures"			
1.	Project opening event – informative seminar	To inform local municipalities-project partners about the project implementation process, planned time schedule, shared responsibilities and to have practical discussion on the technical specification for the school buses	01.10.2009 Riga
2.	TV broadcast	To inform general public/other interested bodies about the planned project activities and the Swiss contribution	01.11.2009 National TV programme LTV1 (during the telecast "Viss notiek"),
3.	Radio broadcast	To inform general public/other interested bodies about the planned project activities and the Swiss contribution	16.12.2009 National radio programme LR1 (during the programme "Eiropas atslēgas")  18.12.2009 National radio programme LR2 (during the programme "Eiro rīts")
4.	Opening of the creative work contest for school children "My school bus"	To involve school children and teachers in: - project promoting understanding and careful usage of the buses; - designing the logo for school buses and developing rules for the behaviour in the school buses	14.01.2010 Riga
5.	Radio broadcast	To disseminate information for school children ,teachers and parents about the creative work contest for school children	16.01.2010; 06.02.2010 National radio programme LR2 (during the programme "Eiro rīts")
6.	Publications in the regional newspapers	To disseminate information for school children ,teachers and parents about the creative work contest for school children	14.02.2010 In the newspaper "Kurzemes vārds"  15.02.2010 In the newspapers "Liesma", "Rīgas Apmiņķa Avīze" and „Vietējā Latgales

			Avīze” 16.02.2010 In the newspaper „Zemgales ziņas”
7.	Information in the SRDA’s web page	To inform general public, local municipalities-project partners and other interested bodies on the planned project activities, current events and the Swiss contribution	<a href="http://www.vraa.gov.lv/lv/sveice">www.vraa.gov.lv/lv/sveice</a> updated regularly
<b>Project “Financial reporting technical assistance project”</b>			
1.	Folders with the Swiss Programme’s logo	Representation of the Swiss programme for the project involved institutions and general public	n/a
<b>Project “Modernization of courts in Latvia”</b>			
1.	Information in the Court Administration’s web page	To inform general public about the implementation of the project “Modernization of courts in Latvia” and its progress	<a href="http://www.ta.gov.lv/index.php/lv/15/40/969/index.html">http://www.ta.gov.lv/index.php/lv/15/40/969/index.html</a>
2.	Information in the courts internal portal	To inform court system employees about the implementation of the project “Modernization of courts in Latvia” and its progress	The Courts internal portal <a href="http://portals.ta.gov.lv/default.aspx">http://portals.ta.gov.lv/default.aspx</a>
3.	Information about the project and its progress for Board of Court Unified Information System	To inform Board of Court Unified Information System about the project “Modernization of courts in Latvia” and its progress	18.09.2009; 10.12.2009 Meetings of the Board of Court Unified Information System
4.	Publication in the internet	To inform general public about courts modernization activities	22.01.2010 Delfi <a href="http://tehnika.delfi.lv/govcamp/tiesa-21-gadsimta.d?id=29431661">http://tehnika.delfi.lv/govcamp/tiesa-21-gadsimta.d?id=29431661</a>
<b>Block grant “NGO fund”</b>			
1.	The information for mass media about the NGO Block Grant agreement signing ceremony sent out to the News agencies and published in the SIF’s webpage	To raise awareness of general public and potential project applicants about Swiss contribution through the NGO Block Grant	11.12.2009 <a href="http://www.lsif.lv">www.lsif.lv</a>
2.	The information about the available assistance in partner search from Switzerland published in SIF’s webpage and sent out to the NGOs in the NGO data base	To foster the partnership development between the Swiss and Latvia NGOs - potential project applicants	15.01.2010 <a href="http://www.lsif.lv">www.lsif.lv</a>

PPF subproject "Research on youth training needs and interests in peripheral or disadvantaged regions"			
1.	Information in the Ministry of Education and Science's web page <a href="http://www.izm.gov.lv">www.izm.gov.lv</a>	To inform general public about the implementation of the programme "Support for the development of youth initiatives in peripheral or disadvantaged regions"	<a href="http://www.izm.gov.lv/nozares-politika/jaunatne/4264.html">www.izm.gov.lv/nozares-politika/jaunatne/4264.html</a>
2.	Information in the youth policy portal <a href="http://www.jaunatneslietas.lv">www.jaunatneslietas.lv</a>	To inform general public about the implementation of the programme "Support for the development of youth initiatives in peripheral or disadvantaged regions"	<a href="http://www.jaunatneslietas.lv">www.jaunatneslietas.lv</a> <a href="http://www.jaunatneslietas.lv/page/1254">http://www.jaunatneslietas.lv/page/1254</a> )
3.	Meeting with municipal representatives and youth workers	To inform municipal representatives of Gulbene city about the implementation of Swiss Programme	25.08.2009 Gulbene city municipal council
4.	Monthly meeting of Heads of the Planning Regions Administration	To inform planning regions about establishment of youth centres within the framework of the Swiss Programme	17.09.2009 At Riga in the Ministry of Regional Development and Local Government
5.	Article in E - Journal of Youth affairs	To inform municipal youth affairs specialists/coordinators and youth centre workers about the implementation of the Swiss Programme's project	10.11.2009; Nr.3 (25) E-journal of Youth affairs was send to more than 140 entities involved in the youth work. Also available on the Ministry of Education and Science's web page <a href="http://izm.izm.gov.lv/nozares-politika/jaunatne/4291.html">http://izm.izm.gov.lv/nozares-politika/jaunatne/4291.html</a> and on <a href="http://www.jaunatneslietas.lv">www.jaunatneslietas.lv</a>
6.	Meeting of headmasters of public schools	To inform the headmasters of public schools of Jelgava city about possibilities of the Swiss Programme	27.11.2009 Adult educational centre of Jelgava city
7.	Meeting of Consultative Council of Youth	To inform members of Consultative Council of Youth, representatives of youth organizations and line ministries about the implementation of the Swiss Programme	16.12.2009 At Riga in the Ministry of Education and Science
PPF subproject "Preparation for implementation the Project "Remediation of historically polluted areas in Sarkandaugava"			
1.	Information in the SES's web page <a href="http://www.vvd.gov.lv">www.vvd.gov.lv</a>	To inform general public about general project activities and expected results	27.10.2009 <a href="http://www.vvd.gov.lv/lv/eiropas-savieniba/latvijas--sveices-sadarbibas-programma">http://www.vvd.gov.lv/lv/eiropas-savieniba/latvijas--sveices-sadarbibas-programma</a>
2.	Information for press in the web page <a href="http://www.vvd.gov.lv">www.vvd.gov.lv</a>	To inform general public about project results	06.01.2010 <a href="http://www.vvd.gov.lv/lv/aktualitates/informacija-presei/?id=73">http://www.vvd.gov.lv/lv/aktualitates/informacija-presei/?id=73</a>