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Republic of Latvia
Ministry of Finance (the National Coordination Unit)
European Union Funds Monitoring Department

*Annual Report on the
Implementation of the
Swiss–Latvian Cooperation Programme
in Latvia
April 2011 – March 2012*

In Riga
March 2012

Glossary of Acronyms

AIPY – the Agency for International Programs for Youth

Bank – the State joint-stock company “Mortgage and Land Bank of Latvia”

CA – Court Administration

CFCA – the Central Finance and Contracting Agency

CFRR – the World Bank Centre for Financial Reporting Reform

CRUS – the Rectors’ Conference of the Swiss Universities

Embassy – the Embassy of Switzerland in Latvia

EU – European Union

FPP – Final Project Proposal

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

FRTAP – Financial Reporting Technical Assistance Project

IA – Implementation Agreement

IASB – the International Accounting Standards Board

IFRS – International Financial Reporting Standards

ISA – International Standards on Auditing

LASA – the Latvian Association of Sworn Auditors

MEPRD – the Ministry of Environmental Protection and Regional Development

MoF – the Ministry of Finance

MoES – the Ministry of Education and Science

NCU – the National Coordination Unit

PA – Project Agreement

PPF – the Project Preparation Facility

SCO – Swiss Contribution Office in Riga

SDC – the Swiss Agency for Development and Cooperation

SECO – the State Secretariat for Economic Affairs

SEDA – the State Education Development Agency

SES – the State Environment Service

SIF – the Society Integration Foundation

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

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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 April 2011 – March 2012*.

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 2012 – March 2013. This document will be discussed during annual meeting with the donorstate planned on 24 April 2012.

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 FPPs, signing of PAs and IAs, launching open calls for proposals and tasks related to the successful implementation of projects, carrying out information activities as well as first projects` financial audits were performed by external audit organisations.

By the end of this reporting period all 12 planned projects are approved by the Swiss competent authorities and already 2 projects were completed in June 2011 – the School busses project and the PPF. The last PA was signed on 1 February 2012. Thereby commitment for Latvia constitutes nearly 100% from the total Swiss Programme`s funding available for Latvia. Currently reimbursements in amount 23,4 million CHF or 41,3% from the total Swiss Programme`s funding available for Latvia have been received from Switzerland.

During this reporting period implementation progress was made within all projects, and already first results have been reached:

- 3 (18%) out of 17 multifunctional youth initiative centers opened;
- 151 (40%) out of 376 video and audio equipment units placed in courts and prisons;
- additional 5 subprojects supported under the NGO fund;
- 207 (32 %) out of 650 micro loans under the Micro lending programme allocated to microenterprises;
- within the Scholarship fund 3 applicants supported in the 1st open call and in the 2nd – 5 applications from Latvia submitted;
- the 1st open call within the fund “Swiss researchers` activities in Latvia” was announced.

All projects are implemented according to focus areas set in the Framework Agreement in order to reach overall and specific objectives of the Swiss Programme. Swiss Programme`s funding in Latvia is used for investments in peripheral or disadvantaged regions, environmental protection, courts modernisation, education and research, NGO and private sector. Progress made so far towards implementation of the Swiss programme against the conceptual framework could be asessed as successful, because up to now already two projects out of 12 were completed thus reaching envisaged project objectives and results. Implementation of remaining 10 projects is continuing and they already now are facing their first results.

In the reporting period Swissness was promoted mainly through different visibility and information activities about the Swiss programme as such and about specific achievements within implementation of concrete projects. It has to be mentioned that also one institutional

partnership will be established within the Fire safety project in which exchange of experience in field of fire safety, rescue service and related legislation between Swiss partner and Latvian institutions will take place.

In the next reporting period actions of the institutions involved in the Swiss Programme will be concentrated on tasks related to completion of the project “Courts modernization in Latvia”, successful further implementation of remaining projects, launching of next open calls for proposals under the Scholarship fund and the fund “Swiss researchers activities in Latvia”, providing information activities on the overall Swiss programme`s level and projects` level and monitoring, control and audit of implemented activities.

1. Reporting on administrative implementation issues

In the Rules of the Cabinet of Ministers on the *Procedure for ensuring the management of the Swiss Programme* amendments were initiated by the NCU in January 2011. The amendments were approved by the Cabinet of Ministers on 17 May 2011 as it was previously planned. Amendments envisage that an individual project can be implemented also by the state company, correction of documentation flow within the Scholarship fund and specification of information to be provided by the project implementers to the NCU for preparation of the Swiss Programme's Annual Report.

During the reporting period internal procedure of the MoF on *Implementation of the TAF* was actualized on 13 June 2011, taking into account that implementation of TAF was handed over to the Finance and Maintenance Department of the MoF starting from January 2011.

One Steering committee's written procedure was organized for approval of the FPP "*Support for fire safety measures in local government general education institutions*".

The NCU prepared the template of the Project Completion Report and Guidelines for preparation of such reports and on 12 September 2011 internally approved them. Report template before internal approval was harmonized with the Swiss competent authorities.

The NCU informs quarterly the Cabinet of Ministers of Latvia on Swiss programme's implementation progress with the informative reports on financial instruments' (EU funds, EEA and Norwegian grants, Swiss programme) progress. During the reporting period four informative reports covering the 2nd, 3rd, 4th quarter of 2011 and the 1st quarter of 2012 were prepared by the NCU.

In June 2011 the note on irregularities was received from the Swiss side and the NCU provided comments. Issue on irregularities was discussed between the Swiss competent authorities and NCU's from all three Baltic States during the 4th Baltic retreat in September 2011 in Latvia. Afterwards the Swiss side provided updated note on irregularities in October 2011. The NCU submitted additional comments and the final version was harmonized in February 2012. The SCO submitted to the NCU the note on irregularities with an official letter on 7 March 2012.

In respect to the note on irregularities, the NCU plans to make amendments in the Rules of the Cabinet of Ministers on the *Procedure for ensuring the management of the Swiss Programme* in order determinate in national regulations the threshold for irregularity reporting to Switzerland. It is foreseen that the amendments will be approved by the Cabinet of Ministers in the 2nd quarter of 2012.

2. Reporting on the status of focus areas

In Latvia it is foreseen to implement 12 projects in total with the help of the Swiss Programme. By the end of this reporting period the PAs are signed for all of them, 2 projects have been completed. Please see in the table below status of all projects, the progress achieved within the reporting period is marked in bold:

Table 1 “Status of projects”

Priority sector	Focus area	Title of the project	FPP submitted to the Embassy	FPP approval date	PA signing date	IA signing date	Project's competition date
Security, stability and support for reforms	Regional development initiatives in peripheral or disadvantaged regions	Implementation of local governments activities by ensuring the transportation of school children and related support measures	24.02.2009	28.07.2009	11.08.2009	14.09.2009	30.06.2011
		Support for fire safety measures in local government general education institutions	31.10.2011	21.12.2011	01.02.2012	16.03.2012	31.07.2014.
		Support for the development of youth initiatives in peripheral or disadvantaged regions	09.02.2011	20.04.2011	30.05.2011	26.08.2011	31.03.2017.
	Modernisation of the judiciary	Modernization of courts in Latvia	24.02.2009	20.05.2009	25.06.2009	17.08.2009	31.12.2012
Environment and infrastructure	Rehabilitation and modernization of basic infrastructure	Remediation of historically polluted areas - in Sarkandaugava	04.08.2010; Re-submitted 08.12.2010	09.02.2011	17.03.2011	17.03.2011	28.02.2017.
Promotion of the Private Sector	Improved regulation of the financial sector and improving access to financing	Financial reporting technical assistance project	24.02.2009	24.02.2009	11.08.2009	29.10.2010	31.03.2014.
		Micro lending programme	18.04.2011	27.05.2011	21.06.2011	27.09.2011	30.09.2015.
Human and Social Development	Research and development	Scholarship fund	n/a		05.07.2010	19.08.2010*	31.03.2016.
		Swiss researchers activities in Latvia	13.12.2010	11.02.2011	30.05.2011	04.10.2011	30.09.2015.
Special allocations	NGO fund	NGO fund	08.05.2009	16.07.2009	11.12.2009	29.03.2010	30.04.2013.
	TAF	TAF and PPF	n/a		21.01.2009	n/a**	14.06.2017.
	PPF		30.06.2011				

*CRUS and SEDA Cooperation Agreement

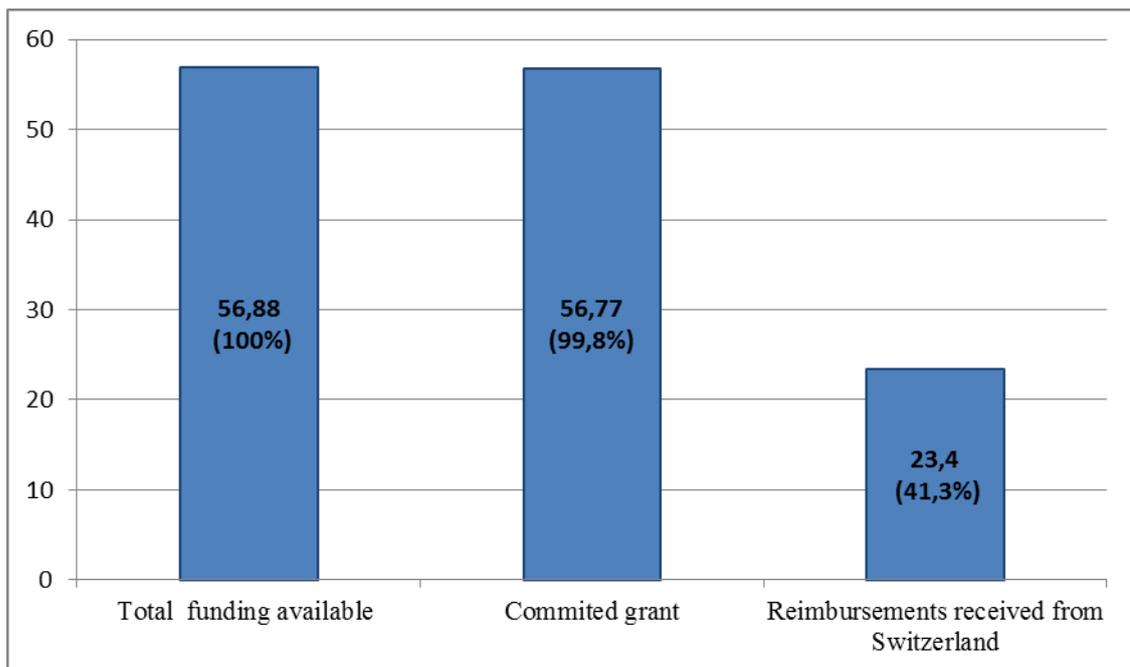
** Implementation procedure of the TAF and the PPF is defined in the internal procedures of the MoF

2.1. Financial progress of focus areas

From the date when the Framework Agreement was signed in December 2007 till the end of the reporting period the commitment for Latvia constitutes 56,77 CHF or nearly 100% from the total Swiss Programme's funding available for Latvia (excluding the Swiss programme's management costs). During this reporting period the commitment increased for 11,37 million CHF or 20% comparing to the previous reporting period as 3 more projects were approved by the Swiss competent authorities.

Reimbursements received till the end of the reporting period are 23,4 million CHF or 41,3% from the total Swiss Programme's funding available for Latvia (excluding Swiss programme's management costs). During this reporting period the reimbursements from Switzerland increased for 16,7 million CHF or 29,6% comparing to the previous reporting period what shows very substantial progress. Please see the comparison of the total available funding, committed grant and reimbursements received from Switzerland in the graph below. The graph shows the comparison versus total available funding.

Graph 1 "Total available funding, committed grant and reimbursements received from Switzerland till 31 March 2012, million CHF"



According to the Framework Agreement, Annex 1, Point 4, the Swiss Programme covers 4 priority sectors with 5 focus areas and also special allocations shown in the table below. Data presents financial progress achieved in each focus area. All figures are shown excluding national co-financing.

Table 2 “Priorities and financial progress”

Priority sector	Focus area	Title of the project	Committed grant, CHF	Utilized grant within the project, CHF (till 31.12.2011)	% (utilized grant vs. committed grant)	Reimbursements received from Switzerland (till 31.03.2012)	% (Reimbursements received vs. committed grant)
I. Security, stability and support for reforms	1. Regional development initiatives in peripheral or disadvantaged regions	Implementation of local governments activities by ensuring the transportation of school children and related support measures	13 769 767*	13 769 767	100	13 769 767	100
		Support for fire safety measures in local government general education institutions	2 379 730*	0	0	0	0
		Support for the development of youth initiatives in peripheral or disadvantaged regions	4 000 000	419 109	10,5	349 084	9
	2. Modernisation of the judiciary	Modernization of courts in Latvia	8 000 000	2 418 771	30,2	715 971	9
II. Environment and infrastructure	3. Rehabilitation and modernization of basic infrastructure	Remediation of historically polluted areas - in Sarkandaugava	13 000 000	157 741	1,2	0	0
III. Promotion of the Private Sector	4. Improved regulation of the financial sector and improving access to financing	Financial reporting technical assistance project	1 867 891*	282 517	15,1	83 686	4,5
		Micro lending programme	7 479 110	6 844 905	92	6 815 110	91
IV. Human and Social Development	5. Research and development	Scholarship fund/ CRUS	2 000 000	206 267	10,3	n/a	n/a
		Swiss researchers activities in Latvia	500 000	2 016	0,4	0	0
Special allocations	NGO fund	NGO fund	3 500 000	2 539 327	73	1 498 216	43
	TAF	TAF	132 255**	48 998	37	48 998	37
	PPF	PPF	141 343**	141 343	100	141 343	100
Total			56 770 096/ 99,8%	26 830 761	47,3	23 422 175	41,3

*According to the Embassy's letter dated 06.03.2012 on de-commitment.

** According to the Embassy's letter dated 01.12.2011 on de-commitments and re-allocation.

2.2. Priority sector “Security, stability and support for reforms”

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

- “Implementation of local governments activities by ensuring the transportation of school children and related support measures” (the total financing – 17 976 197 CHF, including 23,4% national co-financing). The Executing agency is the SRDA and the competent line ministry is the MEPRD;
- “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 Executing agency is the AIPY and the competent line ministry is the MoES;
- “Support for fire safety measures in local government general education institutions” (the total financing – 2 799 682 CHF, including 15% national co-financing). The Executing agency is the SRDA and the competent line ministry is the MEPRD.

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

During the 2nd quarter of 2011 the project’s implementation faced its ending phase and last activities as final publicity and external final financial audit were implemented. In April 2011 the SRDA made a survey about municipalities’ viewpoints and experience gained in the use of school busses, and results were presented in the closing seminar held on 1 June 2011. In July/August 2011 an external final financial audit was performed. For more information about the audit please see the Chapter 7 “Summary of audits” and Annex 3.

The project completion report was approved by the Swiss competent authorities on 8 February 2012.

According to the PA, the school busses shall be used for transportation of school children at least six years after completion of the project, i.e., till 30.06.2017. The SRDA will ensure monitoring of operation of busses by yearly reports received from respective local governments and inspections in these governments.

Taking into account that in the project savings were recognized due to currency exchange rate fluctuations, the new project “Support for fire safety measures in local government general education institutions” was proposed by the MEPRD. Accordingly the NCU on 26 October 2011 proposed to de-commit from the project 2 230 233 CHF and to transfer it for the new project. The Swiss competent authorities approved this proposal on 1 December 2011.

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

Implementation of the project started in June 2011. Two main activities will be implemented in this project such as establishment of 17 multifunctional youth initiative centres in 17 local governments and provision of trainings and events (regional/national forums, regional/international conferences) for youth and persons involved in youth work as well as elaboration of methodological and training materials.

Agreements with all 17 municipalities for establishment of multifunctional youth initiative centres were signed already on 31 May 2011 and advance payments were provided to municipalities by the AIPY in July 2011. First two youth centres were opened already in December 2011 in Tukums and Ilukste and the third one – in March 2012 in Saldus. By the end of 2012 it is foreseen to open 13 more centres. The last one will be opened in Talsi in the 1st quarter of 2013. Please see in the table below schedule for opening of all youth centres:

Table 3 “Schedule for opening of youth centres”

Local government	Opening date
Tukums District	02.12.2011
Ilukstes District	21.12.2011
Saldus District	13.03.2012
Local government	Indicative opening time
Burtnieki District	13.04.2012
Koceni District	April 2012
Plavinas District	May 2012
Ozolnieki District	
Kandava District	
Madona District	
Aluksne District	June 2012
Rujiena District	July 2012
Gulbene District	August 2012
Salacgriva District	
Dagda District	September 2012
Jelgava District	October 2012
Livani District	
Talsi District	1 st quarter of 2013

Taking into account that in total 160 trainings for youth and persons involved in youth work are foreseen to be organised with different topics, therefore the AIPY will perform procurements each year to select trainers and regional coordinators which will ensure trainings for youth and persons involved in youth work in respective year. Already two such procurements were made – one in July 2011 for trainings in 2011 and second one in January 2012 for trainings in 2012. After selection of trainers and regional coordinators the AIPY organised two informative seminars for them in September 2011 and in March 2012 to inform about the project and planned trainings.

In the year 2011 10 trainings (five for youth and five for persons involved in youth work) were organized in all planning regions. Main theme of trainings for youth was creative and innovative youth initiatives in regions. In total 95 youngsters attended these trainings. As a result of these trainings youth created social platforms in social networks in order to exchange useful information, strengthen cooperation and develop new projects. Participants elaborated draft initiative projects which afterwards were further developed in order to be implemented. Whereas main theme of trainings for persons involved in youth work was about youth work in regions – support of youth initiatives. In total 87 participants attended these trainings. As a result persons involved in youth work:

- have developed idea to establish united cooperation network between persons involved in youth in Vidzeme planning region;
- summarized the recommendations for youth work improvements in Vidzeme planning region, which would serve as the basis for the development of Vidzeme planning region’s youth work strategy;
- elaborated four draft projects, which can be further developed and submitted for approval within local municipality or, for example, the programme “Youth in Action”;

- developed desired youth organization and municipality cooperation model, which can serve as the basis for development of cooperation model in participant's local municipality.

Both target groups – youth and persons involved in youth work – were very satisfied with trainings and have expressed willingness to participate in other similar seminars in their region. Additionally two trainings for youth “Action vs. inaction” about development of youth initiatives in regions and involvement in region's social life (target group – youngsters age 17-25 from peripheral or disadvantaged regions who don't study or are unemployed) and two trainings for persons involved in youth work about youth work strategies in regions (including theme about improvement of cooperation among youth work specialists in renovated multifunctional centres) took place within the 1st quarter of 2012. Please see in the table below indicative training plan:

Table 4 “Indicative training plan for youth and persons involved in youth work by years”

	2011	2012	2013	2014	2015	2016	2017	Total
Number of trainings for youth	5 <i>(In total 95 participants)</i>	20	18	18	18	18	3	100 <i>(In total ~2000 participants planned)</i>
Number of trainings for persons involved in youth work	5 <i>(In total 87 participants)</i>	10	11	11	10	10	3	60 <i>(In total ~1200 participants planned)</i>

Within the project five regional forums and five regional conferences for youth and persons involved in youth work are planned to be organized annually from 2012 till 2016 one in each planning region. During the 1st quarter of 2012 the AIPY started preparation works for the first regional forum “Youth in regions as resource not as problem” which will be held in the 2nd quarter of 2012 in Latgale planning region as well as for the first regional conference about role of youth work in the development of youth initiatives in regions which will be held in the 4th quarter of 2012 in Vidzeme planning region. In regional forum and conference will participate youth and persons involved in youth work from all five planning regions.

As well the AIPY has started works for preparation of first methodological material. In total ~15 methodological materials and learning materials are planned to be elaborated during the project. The first methodological material “Coaching guide” about support for youth initiatives and promotion of youth collaboration will be distributed among persons involved in youth work, NGOs and other for use in everyday work with youth. As well as in cooperation with the MoES in 2012 it is planned to elaborate methodological material about youth participation, which would serve as handbook for different youth organizations, NGOs and other interested parties involved in youth field.

Support for fire safety measures in local government general education institutions

The project idea was supported by the Swiss competent authorities in the previous annual meeting on 28 April 2011. For this project an exceptional case was applied and the project was approved in one loop procedure, because deadline of commitment period – 14 June 2012 – was very close.

The aim of the project is to increase safety of pre-school and school children by ensuring their safety in local government general education institutions where children stay in the overnight

accommodation. Main project activity is acquisition of fire safety systems for local governments. The project will be implemented in partnership with 61 local government of Latvia and with the partner from Switzerland – Institution of Fire Safety and Prevention of Natural Disasters of the Canton of Vaud, thus institutional partnership between Swiss and Latvian fire safety organizations will be established. It is planned that 138 general education institutions will be equipped with fire safety systems and at least 7 000 pre-school children and school children will obtain safe environment in general education institutions. Implementation of the project started since February 2012, but already on 16 January 2012 the SRDA announced the procurement for expert services for development of documentation of the procurement for fire safety systems' installation in local governments' general education institutions. This procurement was completed on 20 February 2012 and provision of service is started.

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

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

During the reporting period significant progress was made in respect of main project activity – installation of videoconference and sound recording equipment in court rooms and prisons. The procurement was completed and the contract was signed in September 2011. Installation works have already started and two central infrastructure sets, 17 units of video conference equipment and 134 audio recording equipment units were installed till 12 March 2012. Completion of all installation works is foreseen till 30 June 2012. All necessary control mechanisms are prepared for testing of equipment and court staff training and instruction quality and since December 2011 video conference and sound recording equipment acceptance testing is provided on on-going basis.

In order to improve cost management of courts, the first report was already prepared in November 2011, in which initial analysis of cost drivers for the work processes of courts was presented. This activity is planned to be finished till 30 June 2012. Whereas in order to improve effectiveness of court procedures, currently evaluation process of received tender proposals is in progress. It is planned to sign contract in April 2012.

In order to improve direct access to the courts through use of new technologies, development of the information dissemination system was started and the implementation proceeds as planned. As well as all planned 46 information kiosks have been delivered and installed in courts. Currently, the national court portal www.tiesas.lv is being deployed in information kiosks thus providing extensive information about courts and it will be completed in May 2012. Afterwards more new e-services (submission of electronic application forms, calculator of court fees, access to court file and etc.) will become available in information kiosks.

In order to improve information and service delivery to inhabitants and businesses, two activities were successfully completed – development of the court intranet solution in November 2011, thus providing new intranet portal with a number of internal workflows (e.g. internal reservation and ordering of material supplies, application for vacation etc.) and modernization of the Court Information System for electronic documents and services (replacement of legacy database platform, new user friendly interface, new functionality - structured court decision etc.) in January 2012. Development of 32 different electronic application forms for inhabitants and business has been completed in February 2012. In addition electronic user authentication (via existing Internet banking solutions) for electronic applications and payments is being developed and it will be completed in May 2012. Newly

developed system will provide means for informing involved parties with e-mail processing and automatic SMS sending solutions. There are 15 more new electronic forms developed for internal use of courts.

Several experience exchange visits to Austria, Bulgaria and Germany in May, June and July 2011 and conference visit to Germany in November 2011 took place. Participants from the CA and the Ministry of Justice in Bulgaria visited the Supreme Judicial Council, National Institute of Justice, Pazardjik District Court. Exchange visit in Austria took place in the Linz District Court, Linz prison, Federal Ministry of Justice of Austria. In Germany the first visit was organized to the Ministry of Justice of North Rhine – Westphalia, High Regional Court of Dusseldorf, Higher Administrative Court, Munster, Local Court of Munster, prison Köln, whereas second visit was participation in the conference “Transnational use of video conferencing in court”, where EU Member States’ experiences of cross-border videoconferencing in criminal proceedings were discussed.

2.3. Priority sector “Environment and infrastructure”

Under the focus area “**Rehabilitation and modernization of basic infrastructure**” one project shall 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 and the competent line ministry is the MEPRD.

Implementation of the project started in April 2011. The project management team was set in April 2011. During the reporting period main activity carried out was preparation of procurement documentation and launching of the closed tender for remediation works in Site I and II (*territory of “Woodison Terminal” Ltd., “Ovi” Ltd, “Eko Osta” Ltd. and “VL Bunkerings” Ltd*). The closed tender was announced in two parts and tender documentation of both part was harmonised with the Swiss competent authorities. Firstly the SES announced prequalification to select possible contractors witch meet all necessary criteria. The deadline for submission of proposals under the prequalification was 19 September 2011. After evaluation of proposals three tenderers out of six were invited for the procurement’s second part to submit their proposals with total costs and technologies envisaged for remediation works in Site I and II. Deadline for submission of proposals is 12 April 2012. In order to ensure qualitative evaluation of proposals an expert will be contracted in April 2012. It is planned to sign agreement for remediation works in Site I and II in May 2012, but before the final acceptance the winner shall perform pilot project to present its technology for remediation. It is planned that remediation works in the Site I and II could start in June 2012. There was also another procurement announced in January 2012 for construction supervision during remediation works. It will be completed on 11 April 2012. The contract is planned to sign in April/May 2012.

The feasibility study carried out under the PPF subproject “Preparation for implementation of the project “Remediation of historically polluted area in Sarkandaugava – “Ovi Riga Ltd.”” in order to obtain necessary information on polluted area in the Site III (*territory of “Ovi Riga Ltd.”*) was completed in June 2011. The feasibility study was approved by the Swiss side on 22 September 2011.

According to this feasibility study, the FPP will be updated and respective amendments in the PA will be made after the tender for remediation works in the Site I and II will be completed in order to identify budget remaining for the remediation works in the Site III. The SES plans to submit the PA amendments in the 3rd quarter of 2012.

2.4. Priority sector “Promotion of the Private Sector”

Under the focus area “**Improved regulation of the financial sector and improving access to financing**” two projects shall be implemented:

- “Financial reporting technical assistance project” (the total financing – 1 867 891 CHF which is 100% Swiss contribution). The Executing agency is the MoF, Department of Taxes Administration and Accounting Policy;
- “Micro lending programme” (the total financing – 9 173 888 CHF, including 18,48% national co-financing). The Executing agency will be the Bank and the competent line ministry is the Ministry of Economics.

Financial reporting technical assistance project

In the reporting period, the CFRR staff worked with the training provider – BPP Professional Education (BPP) – to complete designing and development of the training materials for the comprehensive and advanced IFRS training programmes and for comprehensive ISA training programme. Under supervision of the CFRR, the BPP completed the English version of the training materials for use in both countries in Poland and Latvia as well as identified and trained a small group of trainers for Latvia and worked in cooperation with them and with professional translators to prepare the Latvian language version of training materials.

During preparation for delivery of the trainings, CFRR staff worked in coordination with the BPP and staff of the MoF and the LASA to establish a schedule for delivery of the IFRS and ISA trainings during the second half of 2011 and to identify participants for these trainings.

In the reporting period were delivered one comprehensive IFRS training session (10-11 August 2011; 1-2, 5-7, 12-14, 29-30 September 2011) and one advanced IFRS training session (3-4, 10-11, 17 October 2011; 1 November 2011). In each session 30 representatives from the MoF, the State Revenue Service, the Treasury, the Financial and Capital Market Commission, the LASA participated in the IFRS training. Whereas five ISA training sessions were delivered:

- 1st group on 24-26 and 29-31 August 2011;
- 2nd group: 21-23 and 28-30 October 2011;
- 3rd group: 05-07 and 12-14 October 2011;
- 4th group: 19-21 and 26-28 October 2011;
- 5th group: 21-24 and 28-29 November 2011.

In total 150 representatives from the MoF, the State Audit Office of Latvia, the LASA participated in the ISA training.

The CFRR will work together with the training provider and the MoF to establish the detailed schedule for delivery of the further comprehensive and the advanced IFRS trainings.

In the reporting period, CFRR staff discussed with the MoF and LASA the status of development of public oversight and quality assurance in Latvia with a view to defining more precisely Latvia’s needs and accordingly planning effective participation in regional activities. The CFRR will work with Latvian counterparts to develop terms of reference for a consultant to carry out a review of the structure and organization of public oversight and quality assurance activities and provide advice on potential improvements to institutional structures and administrative arrangements to strengthen implementation of the relevant parts of the *acquis communautaire*.

Two representatives from the MoF participated in a high level IFRS conference in Warsaw on 29 June 2011 designed to enhance knowledge and understanding of the IASB’s processes in developing standards and encourage stakeholder participation in the new EU Member States.

The conference was organised and presented by the CFRR in cooperation with the Polish Ministry of Finance as part of the Polish Financial Reporting Technical Assistance Project. It brought together prominent speakers from the IASB as well as others with practical knowledge and experience of implementation of IFRS in the region.

The CFRR staff commenced discussions with a potential supplier of audit software that the CFRR has identified as suitable for adaptation to meet the needs of Latvian auditors. These discussions included in person meetings with representatives of the Norwegian Institute of Auditors which provides professional auditing expertise to support the software. Following these discussions, the CFRR in cooperation with the LASA organized demonstration of the Descartes software on 10 January 2012 in Riga. Approximately 50 members from the LASA and three representatives from the MoF participated in this demonstration of software.

As well as the CFRR commenced consultations with the MoF and the LASA to agree on a work program for preparation of an initial report on the relationship between tax accounting and general purpose financial reporting, including an international survey of practices in selected other European countries. The CFRR will set up a team of consultants to carry out a survey of the existing situation in selected countries with respect to the relationship between tax accounting and general purpose financial reporting.

Taking into account that in the project savings were recognized, the NCU proposed on 2 January 2012 to de-commit from the project 109 904 CHF. The Swiss competent authorities approved this proposal on 6 March 2012.

Micro lending programme

Implementation of the project started in July 2011. During July-September 2011 the Bank approved its internal regulations and procedures for implementation of the project. On 31 August 2012 the board of the Bank issued a decree on setting up the Project Group and defining its operational goals and responsibilities. In terms of actual implementation all 10 branches (8 in regions and 2 in Riga) of the Bank are involved. Comprehensive training for the Project Group members was organized on 4 October 2011 covering general issues and specific aspects of the project conditions (e.g., combination of state aid, definition of eligible sectors etc.). Additional training sessions were provided also in regional branches in December 2011. In March 2012 the first Steering Committee meeting was held, where first results of the project were reviewed.

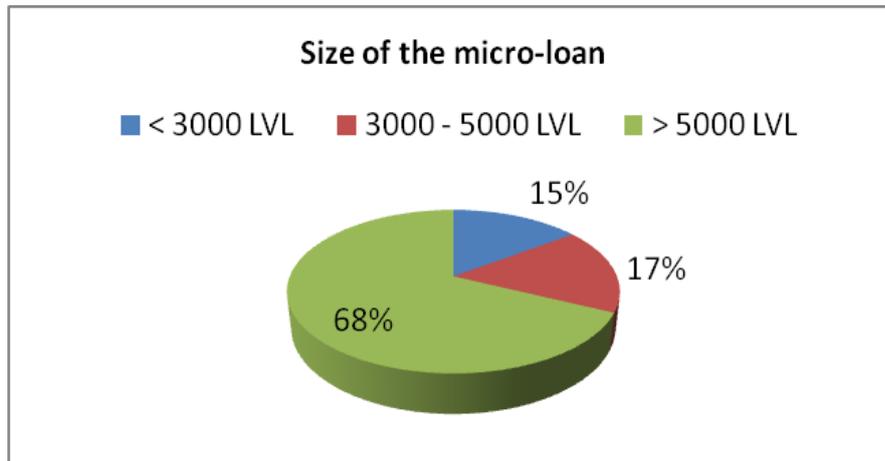
Rules of the Cabinet of Ministers of Latvia for issuing micro loans were approved on 6 September 2011 and in the end of September the Micro Loan Fund with the total amount of 8 339 288 CHF was opened for submission of micro loan applications.

Already from the very beginning micro loans were well demanded in all regions of Latvia. As the result by the end of the reporting period 207 micro loans are allocated in total amount of 2 194 000¹ CHF (out of these, 183 contracts are signed for a total amount of 1 969 000¹ CHF) and 1 637 000¹ CHF are already disbursed.

Average size of a micro loan is 10 545 CHF (6 000 LVL). Every fifth micro loan is in maximum amount of 17 575 CHF (10 000 LVL). Less demanded are small micro loan in amount from 1 758 to 2 636 CHF (*from 1 000 to 1 500 LVL*). Only one of every eight loan has taken for financing of only current assets. Majority of micro loans are for both financing investment and current assets.

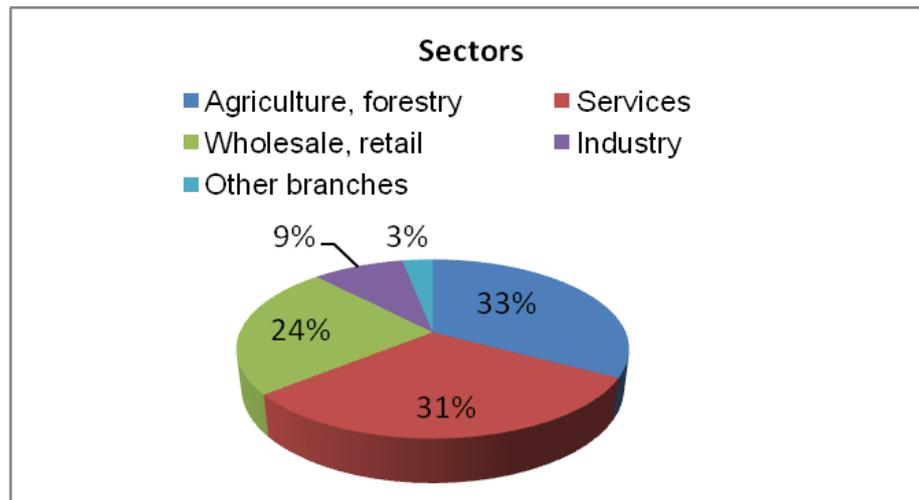
¹ Quantitative results of the Loan Fund in CHF have been measured according to the official exchange rate of the Bank of Latvia on 19 October 2011 (1 CHF = 0.569 LVL), as at this date the CFCA transferred to the Bank initial reimbursement received from Switzerland.

Graph 2 “Characteristics of allocated micro loans by size”



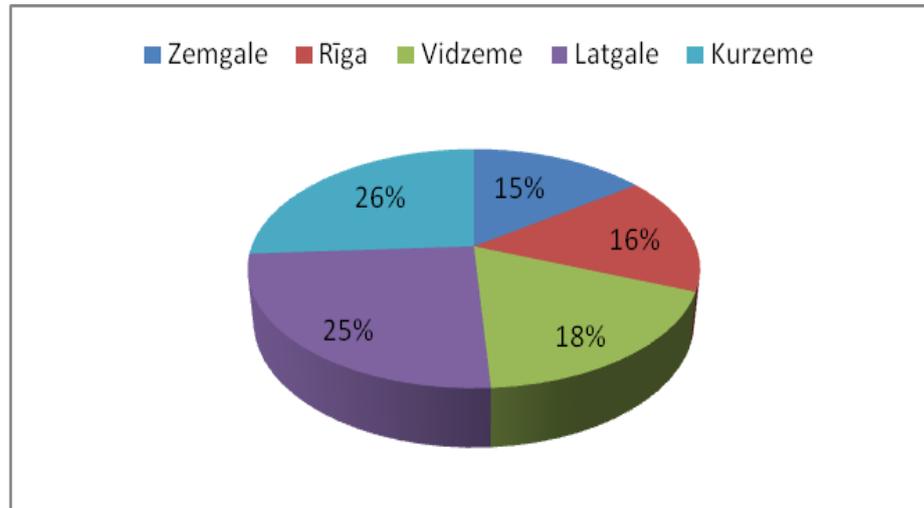
According to distribution by sectors, 2/3 of all micro loans are almost equally distributed amongst two main groups: 1) agriculture, forestry and 2) services. Almost every fourth project is financed in wholesale and retail sale. Also business projects in industry sectors (food processing, furniture etc.) are widespread.

Graph 3 “Characteristics of allocated micro-loans by sectors”



Allocated micro loans are regionally well balanced. So far micro loans were more demanded in the planning regions of Kurzeme and Latgale - 26% and 25% of all loans respectively, followed by Vidzeme (18%), Riga (16%) and Zemgale (15%). The project clearly meets targets of regional economic development, as every ninth micro loan is allocated in border regions of Latvia. Distribution of allocated micro loans among cities and towns is following: Riga (19 micro loans), Daugavpils (15), Gulbene (6), Jekabpils (5) Saldus, Liepaja, Bauska (4), Preili, Cēsaine (3).

Graph 4 “Characteristics of allocated micro-loans by region”



2.5. Priority sector “Human and Social Development”

Under the focus area “**Research and development**” two block grants shall be implemented:

- “Scholarship fund” (the total financing for scholarships – 2 000 000 CHF, which is 100% Swiss contribution). The Coordination body is the SEDA and the competent line ministry is the MoES;
- “Swiss researchers 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 MoES.

Scholarship fund

During the first open call 3 scholarships were allocated to Latvian PhD and post-docs out of 5 applicants for following researches:

- „Autogenous shrinkage and early age behaviour of high and ultra-high performance concrete”;
- „Association of *Anaplasma phagocytophilum* with skin lesions in *A. Phagocytophilum* seropositive dogs”;
- „Supporting Agile Development of Large Scale Information System”.

Two fellows represent the Riga Technical University and one – the Latvia University of Agriculture and the hosting institutions are the University of Bern, ETH-Zurich (Swiss Federal Institute of Technology Zurich) and EMPA (Swiss Federal Laboratories for Materials Science and Technology). All three projects were launched in 2011 and they will be accomplished in 2012. In 2011 one short term research visit took place as home mentor from the Riga Technical University visited the host institution Empa in Switzerland.

The second open call was announced by the CRUS on 1 September 2011 with the deadline – 1 November 2011. In total 5 applications were received from Latvia the same number of applications as in the first open call. Four submitted applications foresee research in the fields as Mathematics, Natural- and Engineering Sciences (Chemistry and Environmental Sciences (1), Engineering Sciences (2), Physics (1)) and 1 – in Human and Social Sciences (Philosophy, Psychology, Educational Science and Religious Sciences). The home institutions of the potential fellows are the University of Latvia (3), the Riga Technical University (1) and

the Liepaja University (1) and the hosting institutions in Switzerland are: Università della Svizzera italiana (1), University of Fribourg (1), Eawag (1), ETH Zurich (2). All applications were approved within the administrative evaluation and were transferred for the scoring by the home institution and the Latvian Science Council. Assigned scores by Latvian side have been sent to the CRUS on 18 January 2012. The final decision will be taken on 29 March 2012 by the Steering Committee members in Switzerland. Next open call will be announced in September 2012.

The SEDA participated in the first Sciex fellows' event and training seminar organised by the CRUS on 19 and 20 October 2011 in Switzerland.

Swiss researchers activities in Latvia

According to the schedule set in the FPP, it was foreseen to announce the first open call in September 2011. Taking into account that the Open call guidelines had to adopt by the Cabinet of Ministers of Latvia as the Rules of the Cabinet of Ministers, the launching of the first open call was delayed, because elaboration and approval process of these Rules took more time than initially planned. They were approved in the Cabinet of Ministers on 17 January 2012. Open call guidelines include subprojects' eligible activities, eligible final beneficiaries, open call announcement requirements, selection procedure, selection criteria, subprojects' financing aspects and application form. The first open call was launched on 1 March 2012 and it will be closed on 30 April 2012. Further the open calls will be launched as planned – in September 2012 and annually (March and September) in 2013 and 2014. As the first open call was delayed, the SEDA has decided to announce six open calls instead of initially planned seven open calls. The funding available for fellowships therefore will be divided in equal six parts for each open call – 88 235 CHF or 16,6% from total fellowships' funding.

2.6. Special allocations

Under the Special allocations one block grant and two projects shall be implemented:

- “NGO fund” (the total financing – 4 117 647 CHF, including 15% national co-financing). The Intermediate body is the SIF;
- “TAF” (the total financing – 132 255 CHF, which is 100% Swiss contribution). The Executing agency is the MoF;
- “PPF” (the total financing – 166 286 CHF, including 15% national co-financing). The Intermediate body is the MoF.

NGO fund

The NGO fund is being implemented according to the schedule set in the FPP. During the reporting period the subproject implementers had continued implementation of 37 micro and 19 macro subprojects for which contracts were signed in 2010.

On 6 October 2011 five more additional (three micro and two macro) subprojects were approved by the Steering and Subproject Evaluation Committee for support under the NGO fund as savings due to fluctuation of exchange rate occurred. However, the implementer of one micro subproject decided not to start its implementation, and contracts in November 2011 were signed for implementation of 2 micro and 2 macro subprojects. In January 2012 one of the macro subprojects, which signed the contract in November 2011, decided to discontinue its implementation. As the reasons the implementer mentioned impossibility to implement

teaching activities in the initially planned scope, changes in the subproject's management team with impossibility of prompt replacement, as well as significant changes had occurred within the planned target group since the submission of the subproject application. Therefore instead one more micro subproject contract was signed in January 2012.

As additional savings were recognised and in order to reach higher results in the NGO fund one more macro subproject was supported in 27 January 2012. Therefore in the result 61 subprojects (40 micro and 21 macro) will be implemented. Please see the list of additionally contracted subprojects in the Annex 1.

By the end of the reporting period implementation activities in 37 subprojects have been completed, and the final reports of seven subprojects are approved. The total amount of direct project's target group benefiting from these seven subprojects is 837 children and youth and 269 seniors.

Three experience exchange seminars for subprojects' implementers were held in June 2011. In seminars implementers presented their subprojects, shared experience gained during the implementation as well as clarified specific issues on subprojects' implementation and reporting. The kick-off seminar about subprojects' contract terms, financial issues, reporting, publicity and audit requirements was held in January 2012 for additionally approved subprojects.

During December 2011 – February 2012 an external intermediary financial audit was performed. For more information about the audit please see the Chapter 7 "Summary of audits".

TAF

During the reporting period following activities were covered from the TAF: organization of the annual meeting and site visits, provision of publicity measures, external final financial audit for the PPF as well as purchase of standard software licences of management information system for the CFCA.

Taking into account that in the TAF significant savings were recognized, the NCU proposed on 26 October 2011 to de-commit from the TAF 131 971 CHF and to re-commit them for the new project "Support for fire safety measures in local government general education institutions". The Swiss competent authorities approved this proposal on 1 December 2011.

PPF

In total three subprojects were supported within the PPF:

- "Preparation for implementation of the project "Remediation of historically polluted areas in Sarkandaugava"" (the utilized financing – 89 855 CHF, including 15% national co-financing). The Executing agency was the SES;
- "Research on youth training needs and interests in peripheral or disadvantaged regions" (the utilized financing – 19 402 CHF, including 15% national co-financing). The Executing agency was the MoES;
- "Preparation for implementation of the project "Remediation of historically polluted area in Sarkandaugava - "Ovi Riga Ltd."" (the utilized financing – 57 028 CHF, including 15% national co-financing). The Executing agency was the SES.

Since the last subproject was successfully completed on 30 June 2011 and other studies under the PPF were not requested from the project promoters or the Swiss side, the PPF was

completed on 30 June 2011. The project completion report was approved by the Swiss competent authorities on 8 February 2012.

Leftover in the amount of 17 526 CHF was recognized and the NCU proposed to de-commit it from the PPF and to re-commit it for the new project “Support for fire safety measures in local government general education institutions”. The Swiss competent authorities approved this proposal on 1 December 2011.

During September – October 2011 an external final financial audit was performed. For more information about the audit please see the Chapter 7 “Summary of audits” and Annex 3.

Taking into account that the objective of the PPF is to support the preparation of FPPs, then the NCU considers that objective of the PPF is reached as three feasibility studies were prepared and gained data was further used for elaboration of two FPPs.

3. Progress made towards implementation of the Swiss programme against the conceptual framework

Please find below a short report on achievements in respect of:

I Swiss programme's overall objectives:

- 1) *to contribute to the reduction of economic and social disparities between Latvia and the more advanced countries of the enlarged EU:*

The NGO fund promotes civil society's contribution to economic and social cohesion by supporting NGO activities in increasing life quality of children, youth and retired persons.

The project "Remediation of historically polluted areas - in Sarkandaugava" aims to achieve improvement of soil, ground, underground and surface water quality in Sarkandaugava area, that complies with the Swiss programme's objectives on reducing promotion of economic and social disparities between Latvia and most developed countries of the enlarged EU.

The objective of the project "Financial reporting technical assistance project" is to ensure conformity of Latvia's accounting and auditing legislation with the *acquis communautaire* and proper functioning of administrative institutions as well as to improve and to strengthen administrative capacity in financial reporting policymaking field, legislation and standard setting, thus facilitating strengthening of financial reporting system which will enhance the quality and reliability of financial information presented by Latvian companies leading to better-informed decision making and increased investor's confidence, resulting in a business environment conducive to sustained economic growth, and growing economy less prone to financial system's crisis.

The block grant "Swiss Researchers Activities in Latvia" will develop and strengthen the potential of the Latvian higher education and research institutions through an enhanced access to a high-quality higher education and research by modernization of the existing study standards and contents, bringing new approaches to training and serving as an efficient platform for exchanging of the best practices between Latvia and Switzerland, thus facilitating preparation of qualified specialists that meet the demands and development tendencies of the national economy.

Micro lending programme will improve access to micro loans for micro enterprises and self-employed persons (individuals – economic operators) for setup and development of business activities. The programme will contribute to growth of employment and rise of living standards of Latvian population, thus facilitating the growth of micro businesses and economic activity in the country.

The overall objective of the project "Modernization of courts in Latvia" is to modernize courts through use of technology and establishment of modern methods in court management, thus facilitating strengthening of the capacity of judiciary, improvement of quality of the judiciary and access to the judiciary for the inhabitants and business.

- 2) *to contribute within Latvia to the reduction of economic and social disparities between the dynamic urban centres and the structurally weak peripheral regions:*

The overall objective of the project "Implementation of local governments' activities by ensuring the transportation of school children and related support measures" was to improve

the schoolchildren transportation system in peripheral and disadvantaged regions of Latvia. The objective was achieved as the project was successfully completed reaching all envisaged results. Provision of vehicles for local governments ensured complex solution for transportation of school children in peripheral and disadvantaged regions of Latvia, where public transportation is not accessible, taking into account optimization of schools and growing needs of local governments for school buses.

The project “Remediation of historically polluted areas - in Sarkandaugava“ aims to restore and improve environmental quality of polluted areas and prevent danger to human health in Sarkandaugava area (part of Riga), thus reducing promotion of economic and social disparities between dynamic urban centres and structurally weak peripheral regions.

The objective of the project “Support for the development of youth initiatives in peripheral and disadvantaged regions” is to establish multifunctional youth initiative centres in local municipalities, as well as to organize trainings and seminars for different target groups in order to increase number of socially active young people in peripheral and disadvantaged regions, thus diminishing social inequality and differences between developed and less developed regions.

The overall objective of the project “Support for fire safety measures in local government general education institutions” is to improve children safety in case of fire incidents in general education institutions in peripheral and disadvantaged regions of Latvia selected based on a fire safety system analysis including a beneficiary needs assessment, thus contributing to safety aspects for children and staff in peripheral regions.

II Swiss programme’s specific objectives:

1) Enhanced employment

The Micro lending programme will enhance creation of job places within approved projects (granted micro loans), thus facilitating the growth of economic activity and rise of living standards of Latvian population. It is planned, that due to approved loan applications within this programme 900 people will be employed in microenterprises, and it will facilitate to decrease number of people living in poverty. The Loan Fund is open for submission of micro loan applications since the end of September 2011. Till the end of the reporting period 183 agreements for granting micro loans were signed and after completion of these projects in total 504 jobs will be provided (both newly created and saved) instead of currently existing 429 jobs. Taking into account that the Loan Fund is in operation just for six months the progress achieved so far has to be evaluated as very good.

2) Preserved environment

There are still areas of intense historical pollution in the territory of Latvia from which pollution spreads further into ground, groundwater and surface waters, thus endangering environmental objects and human health. One of the most polluted areas in the territory of Latvia is historically polluted areas in Sarkandaugava territory, therefore it was chosen for remediation under the project “Remediation of historically polluted areas - in Sarkandaugava“. In 2017 it is planned that the area of 77'000 m² will be remediated from pollution. The project will improve quality of soil, ground, groundwater and surface waters in the territory of Sarkandaugava by stopping oil product pollution inflow into Sarkandaugava channel and further into the Daugava River and the Baltic Sea. Thus danger to human health by improving public bathing water quality in Bolderaja area (part of Riga) for approximately 10 000 people will be eliminated. The influence from polluted areas to NATURE 2000

protected territories by improving environment condition in the Coastal Country Park territories – Mangalu Island (8,036km²) and Milestibas Island (0,6 km²) – will be reduced.

3) *Promoted economic growth*

Economic growth will be promoted within the Micro lending programme by improving access to financing for the micro loans. Micro lending is an efficient instrument to facilitate business start-ups, thus contributing to employment, entrepreneurial and economic development of the country. It is planned to issue 650 micro loans to micro enterprises and self-employed persons for setup and development of business activities. Till the end of the reporting period 207 micro loans are allocated in total amount of 2 194 000 CHF (out of these, 183 contracts are signed for a total amount of 1 969 000 CHF) and 1 637 000 CHF are already disbursed. If allocation rate of micro loans further remains at the same level, the Bank estimates that all financing within the Loan Fund could be granted in loans already till the end of 2013 (afterwards re-granting of loans will be ensured from re-flows in the Loan Fond).

In a context of economic downturn, development of the potential of higher education and science and contribution of the both spheres to the recovery of national economy are emphasized. The long-term benefit from the project “Swiss researchers’ activities in Latvia” and the Scholarship fund lays in the preparation of qualified specialists, who meet demand and development tendencies of the national economy. Law on Higher Education Institutions of Republic of Latvia provides that state institutions and higher education institutions promote international collaboration of higher education institutions in joint projects and programmes.

It is planned that the financing available within the Scholarship fund will allow to support approximately 43 six-months scholarships for junior researchers, who will be able to continue their scientific projects in Swiss research institutions as well as approximately 58 short term research visits for senior researchers acting as mentors. Up to now 3 scholarships are in implementation and next scholarships will be implemented after its approval in the end of March 2012. As well as 1 short term research visit took place in 2011 as home mentor from Latvia visited host institution in Switzerland.

It is planned that 45 fellowships will be allocated to Swiss researchers to do lecturing or shear with research experience in Latvian higher education and research institutions within the project “Swiss researchers’ activities in Latvia”. It is also planned that approximately 2000 students and academic staff members will have possibility to participate in lectures and research activities, which will be provided by Swiss researchers. In the next reporting period first fellowships shall take place as the 1st open call will close at the end of April 2012.

4) *Enhanced social security*

It is important that young people, regardless of their financial status are able to pursue their own interests in non-formal education and volunteer work. Young people by engaging in various activities in their leisure time develop different skills which can be useful in the job market, building a family and becoming active members of the society. Since the youth living outside the biggest cities has less opportunities to spend their leisure time valuably, the project “Support for the development of youth initiatives in peripheral or disadvantaged regions” will ensure establishment of several youth centres in peripheral or disadvantaged regions of Latvia as well as different seminars and international/regional conferences about the themes important for the youth. Up to now 3 out of 17 multifunctional youth initiative centres are already opened, thus creating a healthy, open and supporting environment in respective regions for young people where to spend their leisure time usefully, to socialize

and to gain new knowledge. As well as 7 trainings for youth and 7 trainings for persons involved in youth work were already organized. Trainings have met needs of target groups and youth is eager to realize new ideas, which show increased level of youth participation and initiative in the life of local communities and beyond. Whereas promoting support to youth initiatives in regions with methods of non-formal education has encouraged persons involved in youth work to develop planned and practical set of activities for young people, support youth initiatives and cooperate with each other to develop and enlarge youth support network.

To provide attractive environment for living, work and recreation in the regions of Latvia one of the actual necessities is to ensure children safety, because distances to local schools are considerable and buses being used for the transportation of school children were old and with insufficient quality. With implementation of the project “Implementation of local governments’ activities by ensuring the transportation of school children and related support measures” access to qualitative education is facilitated and safety on roads is increased for approximately 7000 schoolchildren living in peripheral and disadvantaged regions of Latvia by ensuring their transportation to schools and by increasing the quality of means of transportation. Moreover since old vehicles are changed to new ones as a result reducing the negative impact to environment, as well as diminishing social tension in municipalities where schools are closed or reorganized.

The NGO fund enhances social security by improving social services, enhancing social networking and solidarity and strengthening NGOs working in social sector for the target groups such as 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 as the existing financial instruments available for the NGO sector is not focused on these groups. In the result 61 (initially planned 50) subprojects are supported for implementation with the aim to promote civil society’s contribution to economic and social cohesion. During the reporting period implementation of 37 subprojects has been already completed. Subprojects have made contribution to intergenerational cooperation enhancing social security through activities focused on project’s direct target groups such as therapies, classes, camps and development of new social services or improvement of existing ones.

5) *Encouraged institutional reforms*

Latvia has undergone a process of optimization of schools` network aimed at reduction of total public costs for maintenance of schools. To ensure accessibility of education the national reform sets the need for transport acquisition for local municipalities in sparsely inhabited areas as the distances for children in order to get from home to school were increased. In order to mitigate this issue and to support the schools` reform of Latvia in total 110 new buses were bought and delivered to 59 municipalities within the project “Implementation of local governments’ activities by ensuring the transportation of school children and related support measures”.

In order to provide efficient functioning of the rule of law the court system should be as dynamic as all other fields of the society. This requires not only highly qualified judges and staff in courts, but also modern court management, infrastructure and technology at place. One of the project’s “Modernization of courts in Latvia” goals is to improve direct access to courts through use of new technologies and to improve information and service delivery to the inhabitants and business. In order to introduce new technologies in court proceedings and management following investments are made during the reporting period:

- several videoconference equipment units are installed in the courts and prisons;
- first court rooms are already equipped with sound recording equipment;
- 46 new information kiosks were delivered and installed in all Court buildings, thus providing means for electronic communication;
- modernization of the Court Information System is already in progress directly leading to automation of court processes and improved efficiency for court management. Moreover, improved database platform for Court Information System will allow developing and adding new functionality also after the completion of the project thus ensuring sustainability aspect.

Whereas in order to improve information and service delivery to the inhabitants and business a new portal is already developed (www.tiesas.lv) introducing more user friendly interface with updated information on courts and value added e-services. Several electronic application forms and electronic user authentication for electronic applications and payments are being developed, when completed the whole process for court application will be speeded up significantly.

Also activities for establishing procedures for cost effective and time-effective court management are foreseen. Based on first cost accounting analysis made, detailed suggestions to be applied in further decision making process to optimize existing costs will be provided and complete solution (including software platform) for on-going monitoring and analysis of costs underlying court processes will be made.

Assistance of the project “Financial reporting technical assistance project” envisages diversion of the Swiss financial assistance for enhancing institutional and regulating capacity of Latvia anent to preparing and auditing financial reporting of the private sector at national level. The strengthened financial reporting platform will enhance the quality and reliability of financial information presented by Latvian companies, ranging from small entities to large cooperatives, leading to better-informed decision making and increased investor confidence and would mitigate the risk of financial crises. The investments will help to improve quality in the field of accounting and auditing through the training of civil servants (participating in the endorsement process of EU requirements), auditors, academics and other beneficiaries about ISA and IFRS by enhancing the institutional capacity about these issues in general. Thereby implementation of the provisions set in the 8th EU Directive regarding the public oversight and quality assurance systems will be ensured - the assistance in the methodology of public oversight and quality assurance and the development of audit methodology and audit tools for Latvian medium and small size commercial companies of sworn auditors. Up to now 18 days of IFRS trainings (12 days of comprehensive level IFRS training and 6 days of advanced level IFRS training) out of initially planned 10 and 30 days of ISA trainings out of initially planned 15 were already held.

The NGO fund activities could in indirect way invest in encouraging institutional reforms by fostering cooperation between the civil society and public/municipal bodies. One of the principles of good governance includes transparency and involvement of all stakeholders in designing, implementation and monitoring of the policy. The cooperation mechanisms between NGOs and the public/municipal bodies that are responsible for social, children and youth policy will be established. Active cooperation with NGOs should continue by implementing joint projects, by developing legislative acts and by participating in working groups thus fostering sharing of information as well as inclusion of non-governmental sector into the decision making process, which is very crucial. This process is important both on state as well as on municipal level. In the implementation of subprojects in total 36 municipalities of Latvia will be involved and several organizations from non-governmental

and governmental sector of Latvia will participate. Six out of seven already completed subprojects have made contribution to encouraging institutional reforms through co-operation between public sector and NGOs.

6) Enhanced border security and safety

One of the main problems among youth is systematic and arbitral wandering around. These youth can be easily assigned to an offense and become a criminal offense victim. Thus it is important to ensure places, where qualitative educational and leisure activities are provided, in order to involve these young people in different activities. If the leisure time is spent according to the interests of young people and in the appropriate setting it has socializing and educational value. Reduction of youth crime, substance misuse and other deviant behaviour will be effected with establishment of youth centres in peripheral or disadvantaged regions of Latvia under the project "Support for the development of youth initiatives in peripheral or disadvantaged regions". Already 3 out of 17 multifunctional youth centres are available for youth, where a healthy, open and supporting environment for young people is created, thus developing and enlarging network of places where young people can spend their leisure time usefully in regions of Latvia.

There are 7000 to 8000 conveying cases of accused persons yearly from prisons to courts for court proceeding. Most of them will be eliminated, after videoconference equipment will be bought and installed in courts and prisons under the project "Modernization of courts in Latvia". Besides significant reduction of expenses for court proceedings, the project will also enhance border security and safety. Installation works of video conference equipment in courts and prisons has started during the reporting period.

7) Reduced migration stress

Rate of migration out of Latvia is constantly increasing and the highest proportion of negative migration is for persons of age 20-29. That causes economical risk that Latvia potentially will lack labour force in the nearest future. Youth motivation to take part in social or political activities is very low and 35% of them are not interested in participation at all. There are still limited opportunities for above-mentioned target groups to spend their free time valuably. Accessibility of organised youth leisure, events and non-formal education in peripheral and disadvantaged regions as well as level of youth participation and initiative in the life of local communities and beyond will be increased by implementation of the project "Support for the development of youth initiatives in peripheral or disadvantaged regions" and the NGO fund.

By organization of training and seminars within the project "Support for the development of youth initiatives in peripheral or disadvantaged regions" equal rights will be provided to youth from less developed regions to get involved in youth work and non-formal education activities. Promoting support to youth initiatives in regions with methods of non-formal education will ensure planned and practical set of activities for young people, thus increasing number of young people participating in organized youth activities. In the reporting period already 7 out of 100 trainings for youth were held in all planning regions.

According to the assessment made by the SIF, already completed subprojects under the NGO fund have made contribution to reducing migration stress and have provided opportunities for social inclusion through activities which were focused to meet actual needs of project target groups.

Receiving support from the donor state for the project “Swiss researchers’ activities in Latvia” appears one of the solutions for raising an efficiency and quality of the studies and research work. In the next reporting period first fellowships shall take place as the 1st open call will close at the end of April 2012.

With the support provided under the project “Support for fire safety measures in local government general education institutions” safety of pre-school and school children by ensuring their safety in local government general education institutions, where children stay in the overnight accommodation, will be increased by installation of fire safety system means corresponding to the needs of the children in 138 general education institutions of 61 local government. Most threatened and unsafe are those institutions where children stay overnight. Such educational institutions are selected as the priority target group and the support will be provided for the improvement of the fire safe system in the premises where children stay overnight. The infrastructure accessibility and service availability attract people to biggest and more developed cities of Latvia (Riga, Daugavpils, Liepaja and Valmiera). The inner migration wave has caused unequal development of territory of Latvia. To provide attractive environment for living, work and recreation in regions one of the actual necessities is to ensure children safety thus the fire safety in educational institutions is of importance. The project also foresees to increase awareness and knowledge of public officials and school children about danger and fire safety by use of Swiss experience.

4. Amendments in the Framework Agreement

The table below presents changes in the Swiss programme's financial allocation between priority sectors in the framework of the Annex 1 of the Framework Agreement. Changes in financial allocation between priority sectors occurred regarding respective amendments in PAs are marked in bold.

Table 5 "Overview of indicative allocations"

Priority sector	Indicative financial allocation, million CHF				
	Framework Agreement, Annex 1, signed on 20 December 2007	Amended Framework Agreement on 8 July 2010	Amended TAF/PPF PA on 10 February 2011	Amended several PAs on 1 December 2011	Amended Financial Reporting Technical Assistance Project PA on 6 March 2012
1. Security, stability and support for reforms	28	28	28	28,15	28,15
2. Environment and infrastructure	13	13	13	13	13
3. Promotion of the Private Sector	2	8,68	9,46	9,46	9,35
4. Human and Social Development	2,5	2,5	2,5	2,5	2,5
5. Special allocations	7,7	7,7	6,92	6,77	6,77
6. Not yet allocated	6,68	0	0	0	0,11
Total	59,88	59,88	59,88	59,88	59,88

5. Disbursement plan of projects

The indicative disbursement plan of projects below shows planned reimbursements from Switzerland received in Latvia by years.

Table 6 “Indicative disbursement plan”

	Apr`2012	2013	2014	2015	2016	2017	2018	Total
TAF	5 731	12 808	14 498	14 498	13 471	6 393	15 298	82 697
Financial reporting technical assistance project	198 831	479 721	476 966	47 377				1 202 895
Modernization of courts in Latvia	1 702 799	5 581 230						7 284 029
NGO fund	1 629 821	371 960						2 001 781
Remediation of historically polluted areas in Sarkandaugava (1 st tranche)	724 866	1 702 233	2 476 550	2 209 907	1 050 915	273 035		8 437 506
Support for the development of youth initiatives in peripheral or disadvantaged regions	979 483	1 197 003	456 236	349 054	316 804	196 435		3 495 015
Swiss researchers activities in Latvia	43 343	139 732	141 856	69 866	105 203			500 000
Micro lending programme (management costs)	105 105	156 298	154 713	73 725	147 314			637 155
Support for fire safety measures in local government general education institutions	49 789	1 060 878	1 263 538	5 525				2 379 730
TOTAL	5 439 768	10 701 863	4 984 357	2 769 952	1 633 707	475 863	15 298	26 020 808

6. Publicity activities and Swissness

Publicity

Progress has been made towards publicity measures of the Swiss Programme. The special webpage www.swiss-contribution.lv designed for the Swiss Programme 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 available both in Latvian and in English.

During reporting period the NCU together with the Communication Division of the MoF organised official PA's signing events with press conferences in the MoF (30.05.2011, 21.06.2011). Afterwards information about these events were reflected in TV news, newspapers and internet, especially about the Micro lending programme.

On 1 February 2012 major publicity event was organised in close cooperation between the SCO, the NCU and the SRDA. On this date the last PA was signed and thereby full commitment of the Swiss programme was reached. The signing was followed by the seminar on results of the implementation of the Swiss Programme in peripheral regions of Latvia and overview of 5 projects:

- Microlending Programme;
- Support for development of youth initiatives in peripheral or disadvantaged regions;
- NGO Fund;
- Implementation of local government activities by ensuring the transportation of school children and related support measures;
- Support for fire safety measures in local government general education institutions.

Information about this event was broadcasted in three largest national TV channels (LTV1, LNT, TV3) and also spread out in the internet.

As well the NCU together with the Communication Division of the MoF made several press releases about signing of PAs and overall Swiss programme's implementation progress, which were published in the internet (28.04.2011, 30.05.2011, 21.06.2011, 09.11.2011, 01.02.2012).

During the reporting period the NCU also took part in following publicity activities organised by the respective Executing agencies:

- closing event of the School busses project (01.06.2011),
- opening event of the Sarkandaugava project (16.06.2011),
- opening event and IA signing event of the Microlending programme (27.09.2011),
- youth centres opening event in Tukums (02.12.2011).
- opening event – informative seminar of the Fire safety project (22.03.2012).

Detailed overview about publicity measures and information activities carried out at the project level during the reporting period is given in the Annex 2 "Publicity measures and information activities within projects".

Swissness

Modernization of courts in Latvia

The main project's influence on bilateral relations within the reporting period is high visibility public relations event held on 15 December 2011 in Riga District Court to present first installed video conference equipment. Event was attended by high level of participants: Ambassador of Switzerland in Latvia, Minister of Justice of Latvia, Chief Justice of Supreme Court, State Secretary of Ministry of Justice, Chief Justice of Riga District Court, Director of Courts Administration and Director of Latvian Prison Administration. Publicity event was organized in the form of press conference and all largest Latvian TV channels, press and some social media were present. After the formal speeches and demonstration of video conference equipment, journalists were invited to ask questions and to take individual interviews. This event was targeting general audience with high visibility and providing both information about Latvian and Swiss cooperation and court modernization process in Latvia.

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

Representatives from the Embassy and the SCO participated in opening events of three multifunctional youth initiative centres in Tukums, Ilukste and Saldus thus emphasizing the Swiss contribution in this project.

NGO fund

According to approved subprojects 19 of them will be implemented in co-operation with organizations from Switzerland (in total 18 different organizations) and 9 of them will have activities in Switzerland.

According to the information prepared by the subprojects' implementers in informative progress reports for the period till 31 December 2011, 14 subprojects already have promoted bilateral co-operation between Switzerland and Latvia in following ways:

- experience exchange visits of Latvian NGOs to Switzerland (7 subprojects);
- Swiss expert visits to Latvia (2 subprojects);
- experience exchange visits of Swiss NGOs to Latvia (3 subprojects);
- information exchange on specific issues (2 subprojects – operating libraries in prisons, selecting the most effective methods for prevention of juvenile offences).

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

Representatives from the SRDA took part in creation of the video story about Talsi local government, which received four (one middle size and three large) school busses within the project. The video story was created about the implemented projects within the framework of the Swiss contribution and it was broadcasted in TV in Switzerland. As well as the Ambassador of Switzerland in Latvia and representatives from the SCO took part in the closing seminar of the project on 1 June 2011.

Scholarship fund

Support from the CRUS has been provided during project evaluation process. The SEDA participated in the Steering Committee meeting on 29 March 2011, the first Sciex Fellows' Event and the training seminar organised by the CRUS on 19 and 20 October 2011 in Switzerland.

Swiss researchers activities in Latvia

Co-operation at the project level is planned with the CRUS with an aim to provide information dissemination support about projects' activities among the Swiss researchers' community. Cooperation at the subprojects' level is planned between the Swiss higher education and research institutions and the Latvian higher education and research institutions providing the delivery of Swiss research expertise to Latvia. Partnership Agreements on subprojects' implementation will be signed by both parties – Swiss higher education and research institutions (sending institutions) and Latvian higher education and research institutions (hosting institutions).

Activities for building-up and strengthening the collaboration between the Swiss and Latvian higher education and research institutions will be carried out simultaneously in this project and in the Scholarship fund, thus facilitating more efficient Fund's implementation.

Remediation of historically polluted area in Sarkandaugava

The project opening event on 16 June 2011 was attended by the Ambassador of Switzerland in Latvia and representatives from the SCO. At the site from Switzerland's part a video was created about this project and afterwards it was broadcasted on TV in Switzerland.

The Swiss expert provided consultation about procurement documentation of remediation works prepared by the SES.

Micro lending programme

The Bank collaborated with the SCO in dissemination of information about the programme (e.g., co-organization of the official signing ceremony of the IA between the Bank, CFCA and the Ministry of Economics on 27 September 2011) as well as by providing requested information on the progress of the programme.

Fire safety project

In the implementation of the project the partner from Switzerland – Institution of Fire Safety and Prevention of Natural Disasters of the Canton of Vaud – is involved.

During September 2011 the Swiss partner visited Latvia and learned about the current situation of fire safety in Latvia. Several meetings were held with MEPRD, SFRS, MoES, regional representatives (education institutions, municipalities and SFRS). Cooperation will be ensured with exchange of experience in field of fire safety, rescue service and related legislation. Latvian side is particularly interested in the different solutions for ensuring fire safety in various Swiss cantons, including insurance, prevention and fire-fighting.

Swiss partner's experience about fire safety issues in the project will help responsible institutions for fire safety to find out areas where Swiss experiences can change and improve situation in Latvia.

Swiss partner will be involved in organization of project's launching event and two knowledge exchange visits to Switzerland. Its expertise/advices on policy level issues will be available and its visit to Latvia will be organized if necessary.

MEPRD and SRDA is open for cooperation and experience transfer of competent institutions in Switzerland, dealing with the regional development issues and directly with fire safety system's improvement in educational institutions.

7. Summary of audits

In the year 2011 two system audits were carried out according to the audit plan presented in the previous Annual Report and also one additional system audit was carried out. Please find information about them in the table below:

Audit title	Audit institution	Audit time	Audited entity(ies)
Audit of launching of the NGO Fund, preparation of documentation, organisation and supervision of the open call and contracting procedure in the SIF	Internal audit division of the SIF	February – April 2011	SIF
Audit of management, implementation and monitoring of foreign financial instruments' projects, including the Swiss programme's project "Modernization of courts in Latvia"	Internal audit division of the Ministry of Justice	During 2011	Ministry of Justice
Audit of internal management and control system established for implementation of the Swiss Programme	EU Funds Audit Department of the MoF	November – December 2012	NCU, CFCA, Paying authority, CA, SRDA, AIPY, MoF, SIF

As well as four projects' external financial audits were carried out according to the audit plan presented in the previous Annual Report. Please find information about them in the table below:

Audit title	External audit organization	Audit time	Audited entity	Submission date of audit report to the Swiss side
Intermediary financial audit of the project "Modernization of courts in Latvia"	„Rodl&Partner” Ltd	January 2011	CA	5 April 2011
Final financial audit of the project "Implementation of local governments activities by ensuring the transportation of school children and related support measures"	„D.Danēvičas office of auditors” Ltd.	July – August 2011	SRDA	27 January 2012
Final financial audit of the PPF	„Rodl&Partner” Ltd.	August – September 2011	MoF	31 January 2012
Intermediary financial audit of the project "NGO fund"	„KPMG Baltic”	December 2011 – February 2012	SIF	Planned in the 2 nd quarter of 2012

The main conclusions and progress achieved in implementation of audits' recommendations on system audits and projects' external financial audits performed within the framework of the Swiss Programme in 2011 is presented in Annex 3.

In compliance with national legislation the control and audit plan of public institutions has to be elaborated for the calendar year. Therefore information about planned system audits for the next reporting period currently is available for the period April-December 2012. The control and audit plan for the year 2013 will be known in February/March 2013. Please see the audit plan for the year 2012 in the table below:

The Auditor	Time of audit	Title of the project
System audits		
Internal audit unit of the MEPRD	December 2012	<ul style="list-style-type: none"> • Remediation of historically polluted area in Sarkandaugava • Support for fire safety measures in local government general education institutions
External final financial audit		
Audit organization will be chosen within procurement	October-December 2012	Modernization of courts in Latvia

8. Report of the action plan of the reporting period

The table below presents the action plan for the reporting period from April 2011 till March 2012, which was presented in the previous Annual Report, with the comparison between planned time schedule and actual one as well as with explanations about the deviations.

Table 7 “The action plan of the reporting period”

Project	Tasks	Planned	Deviations from planned
PPF	Completion of the subproject “Remediation of historically polluted area in Sarkandaugava - “Ovi Riga Ltd.”	II Quarter 2011	N/A
	Final financial audit carried out	III Quarter 2011	III - IV Quarter 2011 <i>Audit was started in September 2011, the report was received in the MoF from the Audit organisation on 31 October 2011</i>
	Completion of the PPF	III Quarter 2011	N/A <i>Completed earlier - on 30 June 2011 together with completion of the last subproject</i>
Implementation of local governments activities by ensuring the transportation of school children and related support measures	Project closing event	II Quarter 2011	N/A
	Completion of the project	II Quarter 2011	N/A
	Final financial audit carried out	II Quarter 2011	III Quarter 2011 <i>Audit was started in July 2011, the report was received in the MoF on 24 January 2012</i>
Modernization of courts in Latvia	Recommendations of the Intermediary financial audit submitted to the Embassy	II Quarter 2011	N/A
NGO fund	Intermediary financial audit carried out	IV Quarter 2011/ I Quarter 2012	N/A
Scholarship fund	2 nd open call for proposals announced	III Quarter 2011	N/A
Remediation of historically polluted	Project opening event	II Quarter 2011	N/A

area in Sarkandaugava	Announcement of the procurement for remediation works	III Quarter 2011	N/A
Swiss researchers activities in Latvia	Signing of the PA	II Quarter 2011	N/A
	Signing of the IA	II Quarter 2011	IV Quarter 2011 <i>Was signed on 4 October 2011, because harmonization process with involved institutions for CFCA took more time</i>
	1 st open call for proposals announced	III Quarter 2011	I Quarter 2012 <i>Before announcement of open call, the open call guidelines in Latvia shall be approved by the Cabinet of Ministers. Elaboration of open call guidelines and harmonization process is quite complex, therefore it took more time for the MoES than planned</i>
Support for the development of youth initiatives in peripheral or disadvantaged regions	Decision on the FPP by the Swiss competent authorities	II Quarter 2011	N/A
	Signing of the PA	II Quarter 2011	N/A
	Signing of the IA	II Quarter 2011/ III Quarter 2011	N/A
Micro lending programme	Submission of the FPP to the Embassy	II Quarter 2011	N/A
	Decision on the FPP by the Swiss competent authorities	II Quarter 2011	N/A
	Signing of the PA	III Quarter 2011	N/A <i>Signed earlier – on 21 June 2011</i>
	Signing of the IA	III Quarter 2011	N/A

9. Planning for the next reporting period

Action plan for the next reporting period April 2012 – March 2013 is presented in the table below on a monthly basis for each project separately:

Table 8 “The action plan for the next reporting period”

Project	Tasks	2012										2013		
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Modernization of courts in Latvia	Project closing event										X			
	Final financial audit carried out									X				
	Completion of the project										X			
NGO fund	Implementation of all 61 subprojects completed										X			
	Independent evaluation of the NGO fund started										X			
Scholarship fund	3 rd open call for proposals announced						X							
	Consultation days for potential applicants provided						X	X						
Remediation of historically polluted area in Sarkandaugava	Remediation works started in the Site I and II (55 000 m ²)			X										
	Procurement for remediation works in Site III (22 000 m ²) announced								X					
Swiss researchers activities in Latvia	2 nd open call for proposals announced						X							
	Consultation days for potential applicants provided	X					X	X						
	3 rd open call for proposals announced													X
Support for the development of youth initiatives in peripheral or disadvantaged regions	Opening events of multifunctional youth centres	X	X	X	X	X	X	X						X
	Regional conference for youth and for persons working with youth carried out								X					
	Regional forum for youth and for persons working with youth carried out				X									
Support for fire safety measures in local government general education institutions	Procurement for acquisition of fire safety systems announced					X								
	Competition for children about fire safety issues organized									X				

List of additionally supported subprojects within the NGO fund

Subproject's implementer	Subproject's title	Implementation period, in months	Total eligible costs, LVL	Fund's financing, LVL	Implementer's co-financing, LVL	Subproject's implementation place	Short description of subproject's activities
Micro subprojects							
Society of Christian generations communion Bridge	Giving earned-inalienable	12	21 425	20 329	1 096	Jurmala, Jekabpils, Salas municipality, Erglu municipality, Kokneses municipality, Viesites municipality, Aknistes municipality, Krustpils municipality	The aims of the subproject are to make inter-generational integration and reduce social exclusion for risk groups. Seniors will lead activities for children from childcare's homes "Līkumi", "Zīļuks", "Dzeguzīte" according to the developed programs and it will form for children useful life skill .Youth will visit people who need care to help them with various works (home cleaning or cleaning of the surrounding area, wood preparation etc.). There will be organized two overnight camps and two events for both seniors and youth, where they can share experience, tell about achievements, to speak about success and difficulties, cheer up and support each other.
Association „Children and youth Interests Centre”	Skills towards independence	12	17 300	16 435	865	Balvi municipality	The overall aim of the project is to promote the input of civic society in devaluating of economic and social differences with the help of activities improving the life quality for children and youth undergoing social ignorance. Main activities: <ul style="list-style-type: none"> • Learning session ”Planning of Time and

							Financial Resources”; <ul style="list-style-type: none"> • Creative workshops; • Seminar ”Let’s Favour and Help”; • Exhibition of creative works ”We can do so much with the help of our hands!”; • Free time activities ”Let’s Have a Healthy Rest Together!”; • Formation of informal group supporting orphans and children and youth without parents’ care; • Set of excursions – exploration of Latvian regions craftsmen skills and knowledge.
Association “Zvannieku Mājas”	Half way home	6	19 716	18 642	1 074	Cesu district, Vaive village	The aim of the project is to provide better living standard in friendly and family environment for disabled children and youngsters. “Half way home” will provide all the necessary practical skills that are needed to start independent life for 7 disabled children and youngsters who are living in Zvannieki Alternative Family Home now. It is expected that they will gain skills necessary for living and learning together with mentor.
Macro subprojects							
Latvian Red Cross	Afternoon of life	12	89 682	80 714	8 968	Latgales region, Daugavpils municipality, Ilukstes municipality	Subproject aims to promote quality of life for seniors in Latgale region in implementing the concepts of active aging principles of supporting and increasing investment in local seniors’ society and strengthening intergenerational ties, and cooperating Latvian Red Cross, municipalities and local informal groups of seniors. Subproject activities: lifelong learning and recreational activities, active participation in

							activities which are planned both for training and lectures, and workshops and a "grandmother" service and various intergenerational activities.
Foundation "Baltic Franchise Foundation"	New Family as a New Enterprise: Strategy of Success	10	28 388	25 549	2 839	Riga	The goal of the project is to work out and provide pilot testing of a business approach to the creation and development of a new family with children. This approach will be based upon training and counseling programme which later will be multiplicated with the assistance of moderators who will be chosen of the most active and interested young parents. The main project activities include: detailed development and pilot implementation of the training and counselling programme, creation of the team of trainers and moderators and its training for further running the programme and seminar for young parents about Swiss experience in entrepreneurial approach in family life.

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.	Information on the SRDA's web page www.vraa.gov.lv	To inform general public, project partners and other interested bodies on the project activities and news as well as about the Swiss contribution. Information available in Latvian	www.vraa.gov.lv/lv/sveice updated regularly
2.	Closing seminar	To inform local governments, Embassy, bus suppliers, responsible ministries, planning regions and other interested institutions about project results, local municipalities' viewpoints and first experience gained in use of school busses, as well to discuss improvements in school children transportation regulations	01.06.2011 Riga
3.	Radio broadcast	To inform general public about the project	09.06.2011 In the national radio LR1 (during the radio broadcast "How to live better")
Project "Financial reporting technical assistance project"			
1.	Information on the MoF web page www.fm.gov.lv	To inform general public and other interested bodies about the project	http://www.fm.gov.lv/?lat/projekts_tehniska_pal_idziba_finansu_parskatu_sagatavosana updated regularly
Project "Modernization of courts in Latvia"			
1.	Information on the CA's web page www.ta.gov.lv	To inform general public and other interested bodies about project implementation and results	Web page www.ta.gov.lv updated regularly
2.	Information on the Court intranet in form of news, presentations, instructions, newsletters	To inform staff of court system about project activities	Intranet: portals.ta.gov.lv updated regularly
3.	Profile maintenance in the social networks	To inform general public about project implementation and results	Social networks updated regularly
4.	Press releases for mass media	To inform general public about project implementation and results	July 2011 August 2011 September 2011 October 2011 November 2011 December 2011 February 2012 March 2012

5.	Project presentation event for media	To inform mass media about project activities and implementation progress	November 2011 Riga
6.	Regional media event	To inform regional media about project's implementation progress	November 2011 Riga
7.	Press conference	To present first installed video conference equipment to the Ambassador of Switzerland in Latvia, Minister of Justice of Latvia, Judges from different courts and other parties involved in Project	December 2011 Riga
8.	Information preparation for media	To inform general public about project implementation and results	September 2011 In the regional newspaper "Jelgavas Vēstnesis" (Messenger of Jelgava)
9.	Preparation of commentary	To inform general public about project implementation and results	September 2011 In the national newspaper "Dienas Bizness"
10.	Preparation of Photo and Video information and 3 comments for National and Vidzeme region media event	To inform general public about project implementation and results	December 2011
11.	Project blog maintenance for comments	To inform general public about project implementation and results	February/March 2012
12.	Industry experts' comments, photo and video news, initiation of TV plots	To inform general public about project implementation and results	February/March 2012
13.	Communication in regional media (press releases, photo and video news, industry experts' comments and other activities)	To inform society in regions about project implementation and results	February/March 2012
14.	Internal project communication activities	To inform staff of court system about project implementation and results	February/ March 2012
15.	Project final presentation	To inform staff of court system and other interested institutions about project's result	March 2012
Block grant "NGO fund"			
1.	Information on the SIF's web page www.sif.lv	To inform general public and other interested bodies about project's implementation and results	www.sif.lv updated regularly
2.	Gathering examples of best practice in subprojects' implementation and preparing informative project stories about the subprojects and publishing the project stories on the web-page www.sif.lv (Project stories about six subprojects – „Youths and seniors spending their free time in movement”, „Establishment of community	To inform general public and other interested bodies about implementation and results	August – September 2011 November 2011 On the web-page www.sif.lv

	centre "For Children Friendly Maskavas forstate", „Voluntary work as tool of youth social inclusion”, „Senior of Pāvilosta lifelong development of education and cooperation between generations”, „Promotion of social-active lifestyle by educating society about healthy lifestyle and involving seniors and patients of diabetes”, and „Rabbit Fans' School for poverty-exposed children, youth, and seniors to learn the rabbit breeders' craft” – were prepared and published)		
3.	Informative presentations prepared by subprojects implementers on their subproject implementation (originally used in the experience exchange seminars) and published on the web page www.sif.lv	To inform general public and other interested bodies about implementation and results	November 2011 On the web-page www.sif.lv
4.	Kick-off seminar	To inform 8 subproject implementers and their partners whose contracts were signed in November 2011	06.01.2012 Riga
5.	Experience exchange seminars	To share experience between subprojects implementers	01.06.2011; 08.06.2011; 15.06.2011 All seminars were organized in premises of the SIF in Riga
Block grant “Scholarship fund”			
1.	Information on the SEDA’s web page www.viaa.gov.lv	To inform general public, potential applicants and other interested bodies about project activities, conditions and results	Web pages www.viaa.gov.lv (www.sciex.lv) updated regularly
2.	Press release prepared by the SEDA and published on the web page www.viaa.gov.lv	To inform general public about results of the 1 st open call	March 2011
3.	Information on the 2 nd open call provided via press release, publications in newspapers, e-mails, seminars and web pages www.viaa.gov.lv , www.izm.gov.lv (MoES), www.swiss-contribution.lv	To inform potential applicants about the announcement of 2 nd open call and scholarship opportunities and conditions for application.	September 2011
4.	Five consultation days organised by SEDA	To inform potential applicants about the scholarship opportunities	21.09.2011 27.09.2011 06.10.2011 10.10.2011

			17.10.2011 All seminars were organized in premises of the SEDA in Riga
Block grant “Swiss researchers activities in Latvia”			
1.	Information on the SEDA’s web page www.viaa.gov.lv	To inform general public, potential applicants and other interested bodies about project activities, conditions and results	Web pages www.viaa.gov.lv updated regularly
2.	E-leaflet published on web pages of SEDA and CRUS (in Latvian and English)	To inform higher education institutions, research institutions – potential subproject applicants and subproject partners – about the block grant and its offered opportunities	February/March 2012 www.viaa.gov.lv , www.crus.ch
4.	Information on open call provided via web pages - www.viaa.gov.lv , www.izm.gov.lv , www.swiss-contribution.lv and respective e-mailing lists in Latvia and through CRUS web page www.crus.ch	To inform higher education institutions, research institutions – potential subproject applicants and subproject partners – about the announcement of 1 st open call and block grant’s opportunities and conditions for application	March 2012
5.	Press release	To inform higher education institutions, research institutions – potential subproject applicants – about the announcement of 1 st open call	March 2012
6.	Informative seminars	To inform higher education institutions, research institutions – potential subproject applicants – about the block grant opportunities	March 2012 Informative seminar was organised in premises of the SEDA in Riga
Project “Support for the development of youth initiatives in peripheral or disadvantaged regions”			
1.	Information on the AIPY’s web page www.jaunatne.gov.lv	To inform general public, project target group and all interested bodies about the project activities	Web page www.jaunatne.gov.lv updated regularly
2.	Signing ceremony of agreements with 17 local governments	To inform all 17 local governments (promoters of component projects) about project’s launching and implementation and to conclude agreements with local governments for establishment of youth initiative centres	31.05.2011 Riga
3.	Press release prepared by the AIPY and spread out in various news portals	To inform general public, project target group and all interested bodies about the signing of the PA.	01.06.2011 In various internet news portals
4.	Press releases prepared by the AIPY and published on the web page www.jaunatne.gov.lv	To inform general public, project target group and all interested bodies about signing agreements with 17 municipalities for establishment of youth initiative centres To inform general public, project target group and all interested bodies about seminar for trainers and regional coordinators To inform target group (persons involved youth work, NGOs	01.06.2011 27.09.2011 08.03.2012 05.10.2011, 13.10.2011, 14.10.2011,

		<p>that involve youth, teachers, social workers and other persons whose work is related with youth) about organization of different trainings for persons involved in youth work in respective planning region</p> <p>To inform youth about trainings for youth in five planning regions</p> <p>To inform general public, project target group and all interested bodies about opening youth centres in Tukums, Ilukste and Saldus</p>	<p>04.11.2011</p> <p>05.12.2011, 22.12.2011, 14.03.2012</p> <p>On the web page www.jaunatne.gov.lv</p>
5.	<p>Publications about establishment of youth initiative centres in local governments of Burtnieki district, Gulbene district, Livanu district, Aluksne district, Dagda district</p>	<p>To inform respective local society and youth about the project and establishment of youth initiative centre in respective local governments</p>	<p>06.06.2011 On the web page of Burtnieki district municipality www.burtniekunovads.lv about the youth centre in Burtnieki district</p> <p>08.06.2011 On the web page of youth of Gulbene district www.labisbabis.lv about the youth centre in Gulbene district</p> <p>15.06.2011 In the regional Newspaper “ Gulbenes novada ziņas” (“News of Gulbene district”) about the youth centre in Gulbene district</p> <p>07.07.2011 On the web page www.laiki.lv about the youth centre in Livani district</p> <p>15.07.2011 On the web page of Aluksne municipality www.aluksne.lv about the youth centre in Aluksne district</p> <p>02.08.2011 In the regional newspaper “Aluksnes novada vēstis” (“News of Aluksne district”) about the youth centre in Aluksne district</p>

			<p>29.08.2011 On the web page of Dagda municipality www.dagda.lv about the youth centre in Dagda district</p> <p>30.08.2011 In the regional newspaper “Ezerzeme” about the youth centre in Dagda district</p> <p>21.09.2011 On the web page of children and youth centre in Aluksne www.abjc.lv about the youth centre in Aluksne district</p> <p>22.09.2011 On the web page of Gulbene municipality www.gulbene.lv about the youth centre in Gulbene district</p> <p>November In the regional newspaper “Burtnieku novada vēstis” (“News of Burtnieki district”)</p>
6.	Press releases prepared by five regional coordinators	<p>To inform target group (persons involved youth work, NGOs that involve youth, teachers, social workers and other persons whose work is related with youth) about trainings organised for persons involved in youth work in respective planning region</p> <p>To inform youth about trainings for youth in respective planning region</p>	<p>October/November In various web pages</p> <p>November/December In various web pages</p>
7.	Informative seminar	To inform trainers and regional coordinators about the project activities – establishment of youth centres and trainings and events for youth and persons involved in youth work	<p>26.09.2011 Riga</p> <p>06.03.2012 Riga</p>
8.	Opening events of multifunctional youth initiative centre in Tukums, Ilukse and Saldus	To inform local society, project target group and all interested bodies about opening of youth centre in respective local government	<p>02.12.2011 Tukums</p> <p>21.12.2011</p>

			Ilukste 13.03.2012 Saldus
9.	Evaluation seminar	In cooperation with trainers and regional coordinators to evaluate organization and quality of trainings held in 2011	20.12.2011 Riga
10.	Video about opening of youth centre in Ilukste in the internet	To inform general society, local society, project target group and all interested bodies about opening of youth centre in Ilukste	http://www.youtube.com/watch?v=I8tS9Zy61vI
Project “Remediation of historically polluted areas - in Sarkandaugava”			
1.	Project opening event	To inform general public, project partners and all involved institutions about the project	16.06.2011 Riga
2.	Publications in the SES’s web page www.vvd.gov.lv and the MEPRD’s www.varam.gov.lv	To inform general public and all interested bodies about the project	17.06.2011 03.08.2011 www.vvd.gov.lv 17.03.2011 www.varam.gov.lv
Project “Micro lending programme”			
1.	Information on the Bank’s web pages www.hipo.lv and www.altum.lv	To inform general public, applicants and potential applicants about project’s conditions, progress and results	Web pages www.hipo.lv and www.altum.lv updated regularly
2.	Press releases prepared by the Bank and published on web pages www.hipo.lv and www.altum.lv	To inform general public and potential applicants about the project’s launching, adoption of the regulations of the Cabinet of Ministers of Latvia about the project conditions, signing of IA, projects’ results after the first month of project’s operation	21.06.2011 06.09.2011 27.09.2011 09.11.2011 On web pages www.hipo.lv and www.altum.lv
3.	Informative leaflets	To inform potential applicants about project’s conditions	09.2011 – 01.2012 Placed in the Bank’s Central office and regional branches
4.	Regional seminars	To inform potential applicants about project’s conditions	10.2011 – 11.2011 Valmiera, Liepaja, Rezekne, Jelgava (seminars were organized by the European Commission Representation in Latvia)
5.	Publications and broadcasts	To inform general public and potential applicants about the project’s launching and results	06.2011 – 01.2012 In national newspapers (Diena, Latvijas Avize, Telegraf, Bizness & Baltija, Vesti Segodnja, Dienas Bizness);

			In internet news portals (LETA, db.lv, rud.delfi.lv, rustvnet.lv, ves.lv, delfi.lv, nozare.lv, bns) and the web page of the Ministry of Economics; In national radio LR1 and national TV channels TV5 and LTV7
Project “Support for fire safety measures in local government general education institutions”			
1.	Information on the SRDA’s web page www.vraa.gov.lv	To inform general public, project partners and other interested bodies on the project activities and news as well as about the Swiss contribution. Information available in Latvian.	www.vraa.gov.lv/lv/sveice updated regularly
2.	Project opening event – informative seminar	To inform involved local governments and general educational institutions about the project activities and actual topics.	22.03.2012 Riga

Main conclusions and recommendations of audits performed in 2011

System audits	
1. Audit of launching of the NGO Fund, preparation of documentation, organisation and supervision of the open call and contracting procedure in the SIF	
Main conclusions	<p>In general, during the audit it was concluded that the established management and control system in the SIF works, however following deficiencies were recognised:</p> <ol style="list-style-type: none"> 1. the documentation file about the open call did not comprise information proving publication about open call on web page www.swiss-contribution.lv and sending of electronic announcement to the NCU within 1 working day of the open call announcement; 2. SIF has collected FAQs of subproject applicants and the answers given to them and has published summaries of that on the SIF web page, however in 2 out of 3 cases the summary was published later than determined in the administration procedure manual “Latvian-Swiss cooperation programme block grant “NGO Fund” approved by the SIF; 3. in 11 cases out of 71 or 15% of subproject applications incorrect application receipt date has been indicated in the subproject application register; 4. in 1 case out of 39 or 2.6% of registered subproject application received by mail incorrect name of applicant has been indicated in the register; 5. information is not included in the subprojects’ compliance evaluation report about re-evaluation of 6 subproject applications according to compliance criteria, lacking information has been included in the quality evaluation report and evaluation commission meeting minutes; 6. in SIF letter about approval or rejection of the subproject application in 151 cases out of 455 or 33% of cases incorrect evaluation criteria have been given; 7. SIF has sent a letter by mail to all 455 subproject applicants informing whether the application has been received on time, although it would be more efficient to send e-mails, because only 2 out of 455 applicants did not indicate their e-mail addresses; 8. evaluation of subproject applications according to 6 compliance criteria has been carried out by 2 members of the evaluation commission, although it would be more efficient in terms of reducing administrative burden to evaluate each application by one employee.
Progress of implementation of recommendation	<p>Deficiency No.1-3 were eliminated already during the audit period and recommendation was not provided:</p> <ul style="list-style-type: none"> • for deficiency No.2 as SIF ensured publication of summary in the SIF web page with 7 working days from the deadline set for it in the administration procedure manual “Latvian-Swiss cooperation programme block grant “NGO Fund”; • for deficiency No.6 as the administration procedure manual “Latvian-Swiss cooperation programme block grant “NGO Fund” and the management manual of the SIF already foresees obligation for the head of Department of Open Calls for Proposals of the SIF to check outgoing letters. <p>In result the audit report provide recommendations for deficiencies No.4, 5, 7, 8, but taking into account that within the NGO Fund no more open calls are planned, audit recommendations will refer to other subprojects’ selections carried out by the SIF within other funds.</p>

2. Audit of management, implementation and monitoring of foreign financial instruments' projects, including the Swiss programme's project "Modernization of courts in Latvia"	
Main conclusions	<p>Within the audit scope were evaluated activities performed and measures set by the Ministry of Justice to ensure monitoring of project implementation. There was put focus on evaluation of strategy for project management, ensuring of the monitoring process by representation in the project Steering Committee, analysis of the information received on project implementation to facilitate planned acquisition of financial resources and thus achieving project goals. In this audit the project management and control system was not evaluated. As a result following audit conclusions were expressed:</p> <ol style="list-style-type: none"> 1. Responsibilities of cooperation institutions – the CFCA, the MoF and the Ministry of Justice – regarding monitoring and control of project implementation are set in regulatory acts and project IA. Internal control is defined. 2. In the Ministry of Justice a control action plan is not set according to responsibilities and rights set in the project IA for the Ministry of Justice as a responsible line ministry. 3. Responsibilities and rights of the Ministry of Justice as a line ministry are set in the signed project IA and ensured by participation in activities of the project Steering Committee. 4. Project is implemented by responsible persons appointed by the CA, but the project implementation process is monitored by the Monitoring Board established by the CA. The Monitoring Board considers issues regarding project implementation and takes appropriate decisions. Rights and responsibilities of the project Monitoring Board regarding project monitoring are set. The internal control is good. 5. Cooperation between institutions involved in the project and the managing authority according to the project IA is ensured. The monitoring and control system established within the framework of the project is established according to requirements set for beneficiaries in the project IA. 6. Project implementers ("Ernst & Young Baltic" Ltd.) report on monthly basis on the project implementation status and utilization of allocated funding. The project Steering Committee and Monitoring Board is introduced with these reports. 7. The audit conducted by the Internal Audit Department of the MoF in 2010 gives an evaluation that the internal control system established within the project is sufficient and compliant with requirements of external regulatory acts and signed project IA.
Progress of implementation of recommendation	Audit recommendations were not given on the compliance of the project management and control system.
3. Audit of internal management and control system established for implementation of the Swiss Programme	
Main conclusions	<p>Overall conclusion is that the established internal management and control system for implementation of the Swiss programme in general works, only some improvements are necessary.</p> <p>Following recommendations were given:</p> <ol style="list-style-type: none"> 1. for the NCU - to update internal procedure of ensuring implementation of functions of the NCU and the Paying Authority in the implementation of the Swiss Programme in order to ensure that the CFCA receives system audit reports. <p>Four for the CFCA:</p> <ol style="list-style-type: none"> 2. to update internal procedures and manual; 3. in future to ensure documentation for planning approach of on spot checks (including decision, why on spot checks were not

	<p>performed in specific projects);</p> <ol style="list-style-type: none"> 4. to supervise that the CA indicates for all fixed assets also its location; 5. to verify eligibility of costs (~500 CHF) for one trainer in the first project interim report of the project's "Support for the development of youth initiatives in peripheral or disadvantaged regions" activity "Trainings and events for youth and trainings for persons involved in youth work as well as elaboration of methodological and training materials". <p>Five for AIPY:</p> <ol style="list-style-type: none"> 6. to elaborate check list for supervision of implementation of component projects; 7. to elaborate procedures for supervision of component projects after completion; 8. to ensure storage of the project's procurement documentation separately from AIPY's common files; 9. to ensure accounting for fixed assets bought within the project; 10. to check procurement documentation under the component project "Reconstruction of youth initiative "Base"" (in Gulbene city), whether all members of procurement commission have signed disinterest statement as well as whether information about respective procurement results was sent to all tender applicants.
Progress of implementation of recommendation	<p>Audit report was harmonized with all audited institutions and approved on 23 March 2012. According to approved timeline fulfilment of recommendations will be finished by the end of:</p> <ol style="list-style-type: none"> 1. April 2012 for NCU; 2. December 2012 for CFCA; 3. May 2012 for AIPY.
Projects' external financial audits	
1. The intermediary financial audit of the project "Modernization of courts in Latvia"	
Main conclusions	<p>Audited financial statements for the period from 1 July 2009 till 31 December 2010 and the justifying documents submitted within their framework comply in all substantial aspects with the provision of the project's IA and with the Swiss programme, and laws and regulations of the Republic of Latvia.</p> <p>In the result only one overall recommendation was issued regarding procurement procedures:</p> <ul style="list-style-type: none"> • in those specific cases, where Public procurement law of Latvia allows to evaluate proposal only from one supplier, were possible, it is recommended to ask opinion from competitors on price of service or value of goods to be procured.
Progress of implementation of recommendation	<p>The CA informed the NCU, that already during the preparation and updating process of the project budget the consultations were held with the project management team from "Ernst & Young Baltic" Ltd., who can provide independent industry's experience and opinion about project's costs. Such consultations are held for all project's procurements and especially in cases when the Public Procurements Law of the Republic of Latvia allows to evaluate proposal only from one supplier, therefore this practice gives to the Executing Agency a sufficient confidence that financial proposals submitted from potential suppliers correspond to respective industry's price level. Meanwhile the Executing Agency will take into account the auditor's recommendation and in future, if possible, will ask "Ernst & Young" Ltd. to gather industry's view about received financial proposals.</p>
2. The final financial audit of the PPF	
Main conclusions	<p>Audited financial statements for the period from 21 January 2009 till 30 June 2011 and the supporting documents submitted within their</p>

	<p>framework comply in all substantial aspects with the provision of the PA and with the Swiss programme, and laws and regulations of the Republic of Latvia.</p> <p>In the result only one overall recommendation was issued regarding procurement procedures:</p> <ul style="list-style-type: none"> • in those specific cases, where Public procurement law of Latvia allows to evaluate proposal only from one supplier, were possible, it is recommended to ask opinion from competitors on price of service or value of goods to be procured.
Progress of implementation of recommendation	<p>MoES informed the NCU that within the subproject “<i>Research on youth training needs and interests in peripheral or disadvantaged regions</i>” the price offered by the tenderer was significantly lower than the maximum available financing for provision of the research. The offered price was adequate for the market situation at the time when the procurement was organized, therefore on the basis of previous experience the MoES did not foresee any risks related to the price offered by the tenderer. Meanwhile the MoES informed, that according to existing practice, in cases when the price for the service shall be set by the MoES in order to comply with the principle of good management and fair competition, the MoES conducts consultations with providers of similar services in order to avoid setting prices too high and to ensure formulation of reasonable and objective requirements for tenderers.</p> <p>SES informed the NCU that for the procurement within the subproject “<i>Preparation for implementation of the project “Remediation of historically polluted area in Sarkandaugava - “Ovi Riga Ltd.”</i>”, price offers of those tenderers who participated in the procurement of the first subproject “<i>Preparation for implementation of the project “Remediation of historically polluted areas in Sarkandaugava”</i>” were taken into account. Considering that the content and amount of works in both procurements were similar and the price offered in the second procurement was similar to the price received in the first procurement, the SES did not foresee any risks related to the price offered by the tenderer. The SES additionally informed, that based on experience gained, in cases when they predict that planned services or deliveries could be provided by only one tenderer or a limited number of tenderers, the SES already during preparation of project application and drafting of project budget, carries out questioning of potential suppliers, field experts and providers of similar services about possible indicative prices.</p>
3. The final financial audit of the project “Implementation of local governments activities by ensuring the transportation of school children and related support measures”	
Main conclusions	Project’s objectives were achieved. Procurement procedures within the project were performed according to the Public Procurement Law of Latvia and provisions set within the project. Project’s costs were eligible and they complied with provisions set within the project and therefore no recommendations were expressed.
Progress of implementation of recommendation	N/A
4. The intermediary financial audit of the project of the project “NGO fund”	
Main conclusions	<p>Audited financial statements for the period 1 January 2010 till 31 December 2011, in all material respects, have been prepared in accordance with requirements set in the IA.</p> <p>It was verified that eligible expenses of the SIF management and administration under the NGO fund for the audited period, in all material respects, can be identified and separated from other expenses and are verifiable, and they are supported by the originals of the respective</p>

	<p>supporting documents. The Project's accounting entries and accounting reports and the internal control system, in all material respects, comply with the requirements of the Framework Agreement, PA and IA. Following recommendations were given:</p> <ol style="list-style-type: none"> 1. to develop additional control procedures by verifying eligible expenses of the subprojects against supporting documentation on a timely basis, taking into account that current practise is that the SIF verifies supporting documents of subprojects with review of subprojects' final reports; 2. to update the NGO fund's procedure manual to reflect the total financing of the fund as currently there is only indicated total funding available for subprojects, i.e., re-granting amount; 3. to change the procedure for preparation of timesheets in accordance with the best available general practice, namely, each employee should fill the timesheet by themselves, using the information on actual hours spent on the project. 4. to separate timesheets of employees partially financed by the project from the timesheet reflecting other activities in order to create a separate timesheet that can be used as a supporting document on the time spent for the project; 5. to supplement accounting policy with additional entries for cases when changes grant amount of subproject. 6. as well it was observed that significant part of informative, interim and final reports of subproject are submitted after the deadline set in subprojects' implementation agreements.
<p>Progress of implementation of recommendation</p>	<ol style="list-style-type: none"> 1. 1st recommendation - similar approach of verification of supporting documentation of subprojects is applied also for other similar block grants managed by the SIF. Based on SIF's experience actual non-eligible expenses of subprojects that are detected during review of subprojects' final reports are insignificant (less than 1%) against the total funding of the block grant. The SIF assumes the risk that a part of payments of unfinished subprojects could be recognised as non-eligible expenses, but in these cases the SIF will initiate the recovery of these expenses from the subproject beneficiaries. 2. 2nd recommendation - respective corrections in the NGO fund's procedure manual will be made by the SIF. 3. 3rd and 4th recommendation - the SIF will improve the process of timesheet preparation ensuring that each employee whose work is funded by various financing sources, at the end of the month will prepare information on hours spent and work done under each project, and on the basis of this information the head of respective department will prepare timesheets of the department by financing sources. 4. 5th recommendation – the SIF will change the accounting policy including the accounting activities to be performed in the case of changes in grant amount of subproject. 5. In cases, when submission of subprojects' reports being delayed the SIF applies procedures set in the NGO fund's procedure manual. <p>Comments on implementation of recommendations will be provided by the NCU to the Embassy together with the audit report in the 2nd quarter of 2012.</p>