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Republic of Latvia

Ministry of Finance (Focal Point)

EU Funds Investments Management Department

**Strategic Report on Implementation of the EEA/Norwegian Financial Mechanisms 2014-2021 in Latvia in 2018**

Riga,

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# **Glossary of acronyms**

**AA** – Audit Authority

**Business Development** – Programme “*Business Development, Innovation and Small and Medium Entrepreneurs*”

**Climate Change** –Programme **“***Climate Change Mitigation, Adaptation and Environment*”

**CA** – Certifying Authority

**CC meeting** – Cooperation Committee meeting

**CN** – Concept Note

**CoM** – Cabinet of Ministers (Latvian Government)

**Correctional Services** – Programme “*Correctional Services*”

**DPP** – Donor Programme Partner

**EEA** – European Economic Area

**FMD** – Finance and Maintenance Department of the MoF

**FMO** – Financial Mechanism Office

**FMs** – EEA Financial Mechanism and Norwegian Financial Mechanism 2014-2021

**FP** – National Focal Point

**Grants** – EEA Financial Mechanism and Norwegian Financial Mechanism

**PMCS** – Programme Management and Control System

**PMB** – Procurement Monitoring Bureau

**LIDA** - Investment and Development Agency of Latvia

**Local Development** – Programme “*Local Development, Poverty Reduction and Cultural Cooperation*”

**MCS** – Management and Control System

**MoF** – the Ministry of Finance

**MoU** - Memorandum of Understanding on the Implementation of Grants

**OECD** – the Organisation for Economic Co-operation and Development

**PO** – Programme Operator

**PP** – Project Promoter

**Research and Education**– Programme “*Research and Education*”

SME - Small and Medium Entrepreneurs

**TA** – Technical Assistance to the Beneficiary State

# **Status of programmes**

Memorandums of Understanding on the Implementation of the EEA/Norwegian Financial Mechanisms 2014-2021 between Donor States and the Republic of Latvia were signed on 14 December 2017 and since then good progress had been reached.

**Progress in developing programmes.**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Programme | *Kick-off* meeting | Stakeholder consultation | Strategy meeting | CN drafting in consultation with Donors | CN approved by Latvian Government/ submitted to Donors | CN assessed by Donors |
| Correctional Services | 16.01. | 07.03. | 08.03. | 09.03.–08.06.(3 months) | 24./26.07. | 22.08. |
| Climate Change | 19.01. | 22.02. | 23.02. | 26.02.–14.06.(3,5 months) | 08./09.08. | 07.09. |
| International Police Cooperation and Combating Crime | 17.01. | 13.03. | 14.03. | 15.03.–15.06.(3 months) | 04./04.09. |  |
| Local Development | 18.01. | 20.02. | 21.02. | 22.02. *up to now* |  |  |
| Research and Education | 16.-17.01. | 13.02. | 14.02. | 15.02. *up to now* |  |  |
| Business Development | 15.01. | 19.02. | 20.02. | 21.02. *up to now* |  |  |

**Special concerns in the MoU.**

**Correctional Services programme**

* *The programme shall be implemented by way of the pre-defined project “Establishment of training centre infrastructure and model prison blocks for training opportunities in the Olaine prison territory”.*

CN includes such pre-defined project to be implemented by Latvian Prison Administration.

* *The pre-defined project will be part of a model which reflects the functioning of the whole justice chain, with special focus on alternative sanctions.*

The proposed objective and activities within the programme are strongly related to ongoing reform in the correctional services of Latvia. The pre-defined project will provide value for the Latvian Prison Administration and the State Probation Service as an effective staff training system will be created, where both institutions work closely together. To promote development of the justice chain in Latvia, also training activities for NGOs working with prisoners will be provided within the framework of the pre–defined project.

* *A maximum level of funding available from the total eligible expenditure of the programme for infrastructure (hard measures) shall be identified in CN.*

In CN it is stated, that a maximum level of funding available from the total eligible expenditures of the programme for infrastructure (hard measures), has been discussed and assessed as justified, during MoU negotiations and CN development stage - 85% hard measures and 15% soft measures.

**Climate Change programme**

* *Special concern shall be given to measures for remediation of polluted sites.*

In CN an open call for 11 MEUR is foreseen to support remediation indicatively of 3 historically polluted sites. Projects’ activities will be targeted towards remediation of historically polluted areas with increased risk of negative effects in humans and the environment due to climate change.

**International Police Cooperation and Combating Crime programme**

* *The programme shall focus on combating economic crime and on strengthening child friendly justice*.

The Programme aims towards 2 outcomes:

* Increased effectiveness in combating and preventing economic crime;
* Improved child protection system.
* *A pre-defined project in the area of combating economic crime with the Organisation for Economic Co-operation and Development (OECD) as project partner, shall be explored when developing the concept note*.

In CN 3 pre-defined projects in partnership with OECD are foreseen – all of them aiming to combat economic crime:

* “*Support to the State Police for increasing effectiveness and quality of the economic crime investigations in Latvia*” to be implemented by the State Police;
* “*Preventing and combating economic crime at the Border Crossing Point Terehova*” to be implemented by State Revenue Service;
* “*Improvement of employees’ knowledge in combating money laundering in Latvia*” to be implemented by Office for Prevention of Laundering of Proceeds Derived from Criminal Activity/Financial and Capital Market Commission.
* *A pre-defined project in the area of strengthening child friendly justice with the Icelandic Government Agency for Child Protection as project partner, shall be explored when developing the concept note*.

In CN pre-defined project “*Support for Barnahus implementation in Latvia*” is foreseen in the area of strengthening child friendly justice. It is planned to be implemented by the Ministry of Welfare in partnership with Icelandic Government Agency for Child Protection and national partners.

* *The maximum level of funding available from the total eligible expenditure of the programme for infrastructure (hard measures) shall be identified in CN*.

In CN it is stated, that:

* In the programme area “*International Police Cooperation and Combating Crime*” division between soft and hard measures is planned to be 40% soft and maximum 60% hard measures;
* In the programme area “*Domestic and Gender-based Violence*” division between soft and hard measures is planned to be 50% soft and maximum 50% hard measures.

**Local Development programme**

* *The programme shall give particular attention to facilitating development in the Latgale region.*

In CN the outcome’s “*Strengthened economic development at local and regional level*” specific focus will be on the Latgale region by providing a larger grant allocation to the Latgale region comparing to other regions of Latvia. Programme will facilitate development in Latgale region by:

* pre-defined project “*Entrepreneurship Support Measures in the Latgale Planning Region*”;
* small grant scheme “*Support for business ideas in Latgale*”.
* *The programme shall facilitate business support measures at regional and local level, and networking between municipalities.*

In CN 5 pre-defined projects for all planning regions of Latvia (Latgale, Vidzeme, Zemgale, Kurzeme, Riga) are foreseen, thus facilitating business support measures at regional and local level.

* *A maximum of 3 MEUR of the programme grant shall be set aside for the programme area “Cultural Entrepreneurship, Cultural Heritage and Cultural Cooperation”. It shall aim at improving access to arts and culture and increased participation in arts and culture.*

In CN indicatively two open calls in total amount of 2.7 MEUR are foreseen for programme area “*Cultural Entrepreneurship, Cultural Heritage and Cultural Cooperation*” aiming to improve access to professional and contemporary arts and culture in all regions of Latvia.

* *The Ministry of Culture of the Republic of Latvia shall act as Programme Partner.*

In CN the Ministry of Culture is Programme Partner.

* *Arts Council Norway shall be actively involved in the preparation of the programme related to the programme area “Cultural Entrepreneurship, Cultural Heritage and Cultural Cooperation”.*

The Ministry of Environmental Protection and Regional Development together with the Ministry of Culture and in close consultation with DPP - Arts Council Norway – have been working on development of CN. Arts Council Norway actively took part in programme’s CC meeting, stakeholder consultations, strategic meeting and CN drafting meetings regarding programme area “*Cultural Entrepreneurship, Cultural Heritage and Cultural Cooperation*”.

**Research and Education programme**

* *A maximum of 6 MEUR of the programme grant shall be allocated to innovation centres located in different regions of Latvia.*

In CN pre-defined projects in total for 5.5 MEUR are foreseen for innovation centres located in different regions of Latvia (the rest - 0.5 MEUR - is foreseen for running related programme management costs).

* *The location, allocation and the activities of each of the centres will be determined during CN phase. The centres shall aim to develop new education and training programmes for teachers, students and pupils in science, technology, engineering and mathematics, and facilitate cooperation and partnerships between institutions in education, research and the world of work.*

In CN 4 Education and science innovation centres (ESI centres) are foreseen. The allocation to each ESI centre and planned activities are in consultation process during CN harmonization meetings. ESI centres will aim at enhancing knowledge development in STEM[[1]](#footnote-1) fields as well as will promote STEM careers by developing new education and training programmes for teachers, students and pupils. Moreover, ESI centres will facilitate cooperation and partnership between institutions in education, research and the world of work in regions of Latvia, with strong emphasis on bilateral relations between Norway and Latvia.

* *Infrastructure (hard measures) is not eligible for funding under this programme. The costs of mobile equipment for demonstration rooms that supports activities within the centres shall be eligible. A maximum level of funding available from the total eligible expenditure of the programme for such equipment shall be identified in CN.*

Infrastructure (hard measures) is not included in CN. Costs of mobile equipment for demonstration rooms that supports activities within ESI centres in CN are foreseen up to 60% from the total eligible expenditures of the respective pre-defined project.

* *The total allocation of the programme will be set aside for the “Baltic Research Programme”, aiming at developing a regional hub for research in the Baltic region. Approximately 7 MEUR of the programme grant is allocated to the programme area “Research”, and approximately 1.5 MEUR of the programme grant is allocated to the programme area “Education, Scholarships, Apprenticeships and Youth Entrepreneurship”*.

CN includes following open calls:

* Baltic Research Programme (6.4 MEUR) in programme area “*Research*”. It will offer broad and sustainable cooperation opportunities between researchers and research institutions in Baltic States, Donor States and third countries, thus enhancing performance of Baltic research internationally;
* Scholarships (1.3 MEUR) in programme area “*Education, Scholarships, Apprenticeships and Youth Entrepreneurship*”. It will support mobility projects between higher education and research institutions in Latvia and Donor States, thus improving skills and competences of students and staff in higher education and research.

**Business Development programme**

* *In managing this programme the Investment and Development Agency of Latvia shall operate with autonomy and independence of the Ministry of Economics. The Ministry of Economics is together with the Investment and Development Agency of Latvia, responsible for the preparation of the programme*.

LIDA together with the Ministry of Economics have been working on development of CN. FMs’ MCS description states that LIDA will operate autonomously and independently of the Ministry of Economics. The separation of functions between the institutions will be specified in the Programme’s CoM Regulations and competencies of specific departments will be defined in PMCS description.

Being responsible for the development of creative industries, the Ministry of Culture was involved in consultations and discussions on the programme CN, in particular about focus area *“Welfare Technology”* in which creative industry businesses might be supported. However, the Ministry of Culture is not an official Programme Partner and provides only consultative support during development of the programme CN.

**Progress in strengthening bilateral relations with Donors, including the use of bilateral funds allocated to the programmes.**

In order to get input for the development of CNs and proposals for pre-defined projects Kick-off meetings, Bilateral Stakeholder consultations for relevant stakeholders (including NGOs), Strategic meetings and CN Drafting meetings in close cooperation with DPPs and FMO were organized in all 6 programmes. In addition, one to two CC meetings took place in all programmes and at least 4 more CC meetings are planned by the end of the year (International Police Cooperation and Combating Crime programme: 29-30 October; Local Development programme and Climate Change programme: 29-30 October; Correctional Services programme: 31 October – 2 November).

**Correctional Services programme**

PO and DPP have developed a Plan of Bilateral Activities, which regularly is updated (if there is such a need) by the CC (during meetings or written procedure). Several activities to strengthen bilateral relations were carried out already:

* On 13-15 February Planning meeting in Lillestrøm, Norway was organized for PO, DPP, PP and possible Project Partners to get input for the development phase of the programme, development of CN and Project Proposal;
* On 8 May Planning meeting in the Ulersmo prison, Norway was organized for PO, DPP, PP and possible Project Partners for experience exchange regarding planned Training Centre, infrastructure and training programmes, planned to be implemented in the pre-defined project;
* On 28-31 May PO participated in international seminar in Lødingen, Norway, which was organized for selected beneficiary countries by Directorate of Norwegian Correctional Service. PO was invited to present the progress of programme and to discuss about the scope of further cooperation. In addition, involvement of University College of the Norwegian Correctional Service as a main pre-defined project partner was discussed; and it was agreed that it would consult PP on building issues and on content of the new Training Centre.
* On 4-7 June a visit of Norwegian experts from Pathfinder unit to Olaine Prison in Latvia was organized;
* On 13-15 June a study visit of representatives of potential pre-defined project partner Ullersmo prison and Correctional Service of Norway Staff Academy to Latvia, Olaine, with an aim of establishing further cooperation model was organized.

**Climate Change programme**

PO in cooperation with DPP is planning to discuss programme’s bilateral activities in the next CC meeting and to develop a Plan of Bilateral Activities.

**International Police Cooperation and Combating Crime programme**

PO in cooperation with Council of Europe (International Partner Organisation) is preparing to develop the Plan of Bilateral Activities, which will be assessed and approved in the next CC meeting.

**Local Development programme**

At the end of May, PO together with POs from other beneficiary countries participated in Oslo in the Arts Council Norway and the Norwegian Directorate for Cultural Heritage organized kick-off event „*Across All Borders! Cultural Cooperation in Europe*” and used opportunity to present FMs Culture programmes, including planned activities and possible partnerships at the project level, thus promoting Norwegian cultural institutions interest for further collaboration.

**Research and Education programme**

PO participated in several bilateral activities:

* On 6-8 February in the workshop for POs and DPPs all beneficiary countries of the Research programmes, which the Norwegian Research Council organized in Oslo. Workshop contributed to share of experience and good practices between Norway and beneficiary countries from previous FMs and other Research programmes. In addition, POs’ presented priorities and status of each research programme and FMO provided information on actual issues.
* On 13-15 March in “Education Internationalising Conference” for POs and DPPs of all beneficiary countries of the Education programmes in Bodo, Norway. Conference contributed to share of experience and good practices from previous and current FMs Education programmes. Moreover, POs had opportunity to present priorities and status of each education programme.
* On 29-30 August in the Programme Committee’s (which is joint committee for all three Baltic States) meeting for Baltic Research Programme in Tallinn. The agreement was reached that Latvian and Lithuanian POs may use their programme bilateral relations funds to cover travel grants for researchers from Latvia and Lithuania for participation and networking in the launching and match making event on 25 October in Tallinn, Estonia. Committee meetings will be held annually; moreover, in 2019 two meetings are planned – in March in Tallinn (final award of the grants of Estonian open call) and in September in Riga (approval of the priorities and documentation of Latvian open call).
* On 4-6 September in “EEA Grants Joint Meeting Education Programmes workshop” for POs, Agencies and DPPs of all beneficiary countries of Education programmes, which the Norwegian Centre for International Cooperation in Education and the Liechtenstein National Agency for International Education Affairs organized in Lichtenstein. Workshop contributed to share of experience and good practices from current and previous FMs Education programmes. Moreover, POs informed about priorities and progress of their Education programmes and FMO provided information on actual issues.

**Business Development programme**

PO in cooperation with DPP is planning to develop internal regulations for the use of Bilateral Fund, which will be assessed and approved by CC. Meanwhile PO is planning events for 2019 which might be interesting for potential project promoters and, at the same time, shall strengthen bilateral relations.

# **Progress by the Joint Committee on Bilateral Funds**

The pre-meeting of JCBF was held on 25 January 2018 and it was organized as working meeting to discuss implementation of the Fund for Bilateral Relations[[2]](#footnote-2) as well as the composition, role and functioning of JCBF. According to the Regulation, on 14 February FP submitted to FMO a proposal on the Composition, Role and Functioning of JCBF harmonized with representatives delegated for the JCBF.

The JCBF is planned to be established upon signature of the Bilateral Fund Agreement as stated in the Composition, Role and Functioning of JCBF annexed to the draft Bilateral Fund Agreement. The Agreement is expected to be signed in November 2018. The first JCBF meeting planned to be held on 6 December 2018.

During the elaboration of the Work Plan, the FP gathered ideas for strategic initiatives from the representatives delegated for the JCBF – in total 13 ideas were received. Afterwards the ideas together with the draft Work Plan were submitted for comments to the representatives delegated for the JCBF. Representatives gave their input in development of the Work Plan.

Implementation of strategic initiatives could start after approval of the necessary national normative acts (planned to be adopted by the CoM until the end of October) to ensure legal base for provision of funding to promoters of initiatives.

In order to ensure transparency during examination of initiatives, the FP plans to establish the Advisory Group. The aim of this group is to discuss and to provide opinion about initiatives submitted to the FP as well as to propose initiatives. The agreement reached in the group will be submitted to the CoM.

In 2019, it is planned to start implementation of the Baltic Centre for Media Excellence’s[[3]](#footnote-3) initiative.

# **Management and Control System**

**National level**

The following legislative acts were developed in 2018:

* the Law on the Management of FMs determining general principles for the management of Grants in Latvia (came into force on 23rd May);
* the FMs Management Regulation (planned to be adopted by the CoM until the end of October);
* the Regulation in which the Functions of the AA in the Management of FMs are ensured (planned to be adopted by the CoM until the end of October).

During reporting period, FP updated procedure in which FP ensures implementation, monitoring and assessment of FMs (on 18 July 2018).

FP on 14 June 2018 has submitted to FMO detailed description of MCS accompanied by AA’s report and qualified opinion about its compliance. In the result of the compliance audit, the AA concluded that MCS in all key aspects has been established according to evaluation criteria[[4]](#footnote-4), except compliance with criterion *“Procedures to ensure correctness and regularity of expenditure are developed”, which* will be evaluated once again after implementation of particular recommendation[[5]](#footnote-5) and reported in the next Annual Audit Report. The qualification of AA’s conclusion relates to the actual status of the development of the FMs Management Regulations, which is under development during the compliance audit period. Accordingly, guidelines, internal procedures and methodologies of MoF/FP, AA, CA, PMB will be developed after the FMs Management Regulations will be adopted by the CoM.

Please find below detailed information on implementation status of all recommendations:

* 5 recommendations (No.1, 6, 7, 9, 14) are implemented -
* Communication Department of MoF: 1) developed/submitted to FMO FMs Communication Strategy on 14 June, 2) updated its Internal procedure with functions related to FMs on 13 June 2018;
* EU Funds Investments Management Department of MoF updated its Internal procedure with all the functions related to FMs on 25 June 2018;
* Procedures of FMs monitoring, control and reporting to FP, CA and AA are incorporated in FMs Management Regulations.
* 8 recommendations (No.3, 8, 11, 12, 13, 16, 17, 19) shall be implemented by the end of December 2018 -
* CA will develop Procedure description: 1) for ensuring functions of CA foreseen in Donors’ Regulations as well as administration of irregularities within the competence of CA, 2) “Provision of FMs flow of funds” to determine separation of transactions between each programme, 3) for maintaining of accounting records (received financing, disbursed financing, amounts recovered, amounts what shall be recovered);
* PMB will develop: 1) Procedure describing PMB’s performed procurement documentation verifications within projects and verification of the ex-ante checks performed by POs, 2) Methodology for public procurement documentation’s verification within projects as well as for ex-ante verifications of public procurement process (including sampling method and volume);
* FMD will develop Procedure: 1) for implementation of Technical Assistance, 2) for implementation of Fund for Bilateral relations, in order to ensure regularity and correctness of expenditures, determine the procedure in which accounting of transactions will be organised as well as separation of transactions.
* 6 recommendations (No.2, 4, 8, 10 16, 18) shall be implemented by the end of March 2019-
* FP will develop: 1) Procedure on Irregularity’s Authority functions (responsible institution for making decisions regarding irregularities within Technical Assistance and Fund for Bilateral relations will be determined), 2) Guidelines for on-the-spot verifications of projects and for supporting documents` verifications of programmes and projects (including sampling method and volume), 3) Procedure according to which FP detects and assesses potential irregularities and information on projects’ irregularities; 4) Guidelines for informing and reporting on irregularities, administration of irregularities and application of financial corrections;
* FMD will develop Procedure for implementation of Fund for Bilateral relations, including description of supporting documentation verifications.

Nearly all of above-mentioned recommendations are with medium priority, except one - with high priority – development and approval of FMs Management Regulations. Follow-up of above-mentioned recommendations will be reported in AA’s first Annual Audit Report (shall be submitted to FMO until 15 February 2019).

**Programme level**

The POs will start elaboration of PMCS after Donors’ approval of the programme. In accordance with the Regulation in which the Functions of AA in Management of FMs are ensured, the PO shall develop PMCS and submit it to AA within 3 months from the approval of programme. Subsequently AA within 3 months from the date of PMCS reception will evaluate it, provide recommendations, harmonise AA’s report with PO and at the end provide report and an opinion about PMCS compliance.

In order to ensure PMCS quality and compliance with Donors` requirements as well as to reduce differences into the form and content of PMCS between different POs; FP in collaboration with AA has elaborated the Guidance for POs for Development of PMCS, including the recommended PMCS template.

All PMCS are planned to be submitted to FMO in 2019.

# **Communication**

On 14 December 2017 the Minister of Finance, Ms. Dana Reizniece-Ozola, and the State Secretary of the Norwegian Ministry of Foreign Affairs, Mr. Jens Frølich Holte, signed MoUs on the Implementation of FMs.



*Minister of Finance Dana Reizniece-Ozola and the State Secretary of the Norwegian Ministry of Foreign Affairs Jens Frølich Holte*

For signing MoUs as a venue was selected Rainis and Aspazija House-Museum. This is one of the unique cultural objects restored with the financial support from the previous FMs. The event was widely reflected in the national media of Latvia.

On 14 June 2018, Latvian FMs Communication Strategy in LATVIA was submitted to FMO. Based on the Strategy POs are working on their Communication Plans. The Strategy defines the period from December 2017 until December 2019 as programme launching stage. During this stage, following activities were implemented: provision of information for mass media and in social media, development of the Communication Strategy. The FMs kick-off event is planned to be placed on the platform of conversation festival LAMP (“LAMPA”) in summer 2019. The informative events about FMs at the conversation festival LAMP are planned to take place every second year as a bilateral activity. At the end of 2018, the Public Opinion Poll on the awareness of issues related to FMs is planned to be carried out.

According to the Strategy, national FMs Communication Management Group (which is responsible for provision and coordination of the communication process of FMs in Latvia) gathered on 19 April 2018 to discuss the publicity requirements and the new Design Manual and agreed on efficient communication actions that shall be included in the Strategy and POs` Communication Plans for FMs` new period.

The work on elaboration of new FMs web portal in Latvia has started and it is planned to be finalized in the beginning of 2019. The web portal is planned to have more user-friendly features and additional functionality. FP and POs (simultaneously providing all the topical information about FMs, results of programmes and projects) will administrate this portal. It will provide all FMs` information at one place avoiding fragmentation and overlap of information.

To unify the information about FMs on social media the Facebook account “EEA and Norway Grants Latvia” was launched on 21 April 2018 and now it has its phase-in stage.

**Lessons learned from the previous FMs` communication activities:**

* FP assesses Communications Management Group as effective coordination tool. It is a significant cooperation platform for FMs communication specialists and therefore it will continue its work in new FMs period;
* looking back at the most effective informative events there are few conclusions: in order to have wider effect and publicity – event has to be innovative, it is benefitting to use already existing large event platforms and to put an event on it. It provides larger publicity for the event, guaranteed participant number and already existing technical support;
* Public Opinion Survey`s results showed, that in further communication FP`s and specially POs` and PPs` communication activities are very significant in order to provide information about specific areas and projects where the FMs are invested.

# **Risk assessment**

Risk management of FMs is ensured by *Risk management Group[[6]](#footnote-6)*, which includes representatives from FP and PMB. According to the *Risk management procedure[[7]](#footnote-7)*, risks are reassessed in the *Risk management Group* at least annually or more often, if necessary. During 2018 risks were evaluated twice – annual assessment was carried out in February and additional risk assessment in July 2018 due to structural changes within MoF. Accordingly, the *Risk register* was updated twice.

Within the annual risk assessment for FMs there were two national level risks identified*:*

1. **Risk of delayed start of programmes’ implementation**. As the Regulation sets the deadline for submission of CNs (14 June), FP identified risk that CNs may not be submitted until the deadline, which may further affect the overall duration of programmes and projects. This risk initially was assessed as high, but taking into account existing risk mitigation measures, its likelihood reduced and the residual risk value was evaluated as medium. In order to reduce risk, FP ensured following risk mitigation measures:
* Representatives of FP, POs, DPPs and other stakeholders took part in CNs` drafting meetings;
* FP communicated with POs, FMO on a regular basis;
* FP monitored timeline for the development of CNs on a regular basis;
* biannually FP reported to the CoM regarding FMs’ implementation progress.
1. **Corruption risk and risk of conflict of interest.** It remained active from the previous FMs period. The description of risk was updated with information on possible corruption and conflict of interest within CNs` development process. The risk initially was assessed as medium and, accordingly, following risk mitigation measures, were added to address possible corruption within CNs development process:
* FP informs POs on newest guidelines and requirements initiated by Donors as well as nationally;
* CNs are discussed with wide range of stakeholders (NGOs, public sector, private sector, research and education institutions etc.);
* CNs are confirmed by the CoM.

Whereas from the previous FMs’ period following risk mitigation measures remains in force:

* Procedure of Complaint Mechanism was stipulated within the description of MCS;
* FMs Complaint Register established according to the best practice provided by the Transparency International within the previous FMs (serves as a tool for complaints’ summarizing, monitoring and controlling in order to spot any systematic tendencies or signs that could hinder possible corruption or conflict of interest in the institutions involved in the management of FMs);
* Institutions involved in the management of FMs collaborates with the Corruption Prevention and Combating Bureau, if necessary, as well as the Bureau takes an active part in FMs Management Regulation’s development and harmonisation process;
* four-eyes principle in order to avoid submission of erroneous information or false information;
* FP`s representatives attend Risk Management Group Meetings, thereby gaining horizontal information and experience within prevention of corruption within EU Funds.

After summarizing risk mitigation measures risk residual value was evaluated as low, even though it could not be fully eliminated, but only mitigated by improving the system. The FP continues to take proactive actions in order to ensure best possible prevention of the corruptive activities.

Within the second risk assessment – as elaboration of the national regulatory framework continues, the risks and their values remained unchanged for FMs, but taking into account actual programme elaboration and harmonization process, additional risk mitigation measures were added.

Regarding the risk of delayed start of programmes’ implementation – slight corrections were made to risk description due to objective reasons for delayed submission deadline of CNs (FP informed FMO about delayed submission and received acknowledgement as well as pointed out the importance of CNs` content quality)[[8]](#footnote-8) therefore following risk mitigation measures were added:

* time frame for the development and submission of programmes’ CoM Regulations to the CoM incorporated within the CoM protocol decision;
* CNs harmonized with social partners, cooperation partners and potential pre-defined projects` promoters.

In order to continue mitigation of the corruption risk and risk of conflict of interest:

* MoF will inform State Revenue Service regarding public officials who are included as representatives in Joint Committee for Bilateral Funds;
* FP has informed all POs about institution’s responsibility to inform State Revenue Service regarding decision-making public officials included as representatives in Committees.

During the next reporting period, the FP will continue to perform existing mitigation measures and constantly assess opportunities to strengthen internal control system in order to minimize identified risks.

# **Evaluation**

None of the Programme Agreements are signed. Nevertheless, FP has planned to carry out one overall final evaluation of all FMs` programmes. The resources for this evaluation are incorporated within TA budget under FP`s expenditures.

In addition POs are welcomed to have a separate evaluation targeted only at specific programme`s, if necessary. The resources for such evaluations shall be covered by programme management costs.

# **Work Plan 2019**

Please find below the Plan for 2019. It shall be noted as only 2 out of 6 CNs are assessed by Donors up to now, the Plan is very indicative.

| **Scope** | **Task** | **Jan-Mar 2019** | **Apr-Jun 2019** | **Jul-Sep 2019** | **Oct-Dec 2019** |
| --- | --- | --- | --- | --- | --- |
| **Implementation of programmes** | Assessment of pre-defined projects |  | - International Police Cooperation and Combating Crime programme -Correctional Services programme  |  | -Research and Education programme-Climate Change programme |
| Signing pre-defined projects` contracts |  |  | - International Police Cooperation and Combating Crime programme-Correctional Services programme | -Research and Education programme-Climate Change programme |
| Launch of OCs |  |  |  | -Local Development programme-Climate Change programme |
| **Bilateral cooperation** | Bilateral conferences/events (strategic questions within specific field) |  |  | -Business Development programme (PO together with group of SMEs plans to visit Oslo Innovation Week on 24 September) -Correctional Services programme (international experience exchange visit in Latvia related to planned construction works of the Training Centre) | -Correctional Services programme (international experience exchange visit to Norway related with pre-defined project progress and involvement of project partners)-Research and Education programme (International conference for scientists from Donor states and Baltic States in the frame of Baltic Research Programme in October in Riga) |
| CC meetings | -Business Development programme in Riga- Correctional Services programme (written procedure of CC meeting in order to approve the evaluation criteria of predefined project and other documentation) | -Research and Education programme- International Police Cooperation and Combating Crime programme-Local Development programme-Correctional Services programme in Norway-Climate Change programme | -Business Development programme in Oslo, Norway | - International Police Cooperation and Combating Crime programme-Local Development programme-Correctional Services programme in Latvia-Climate Change programme |
| Information and communication activities | Opening events of programmes | - International Police Cooperation and Combating Crime programme in Riga-Correctional Services programme in Riga (in premises of Ministry of Justice) |  |  | -Research and Education programme (opening event of the Latvian open call in the frame of Baltic Research Programme in October 2019 in Riga)-Local Development programme in Riga-Climate Change programme in Riga |
| PO`s organized informative/partner-search activities |  |  |  | -Research and Education programme (matchmaking event for Latvian open call in the frame of Baltic Research Programme in October 2019 in Riga)-Local Development programme (partner search event for potential PPs and project partners of the Culture component`s open call)-Business Development programme (informative seminars for potential PPs before launching of open calls)  |

1. Science, Technology, Engineering and Mathematics [↑](#footnote-ref-1)
2. Information about the Fund for Bilateral Relations is available on EEA/Norway Grants national webpages <https://www.eeagrants.lv/?id=135> and <https://www.norwaygrants.lv/?id=135>. [↑](#footnote-ref-2)
3. *According to the EEA FM MoU, Annex B, 2.Special concerns under the Fund for bilateral relations 400 000 EUR are earmarked to an initiative with Baltic Centre of Media Excellence.* [↑](#footnote-ref-3)
4. Evaluation criteria are set out in the Assurance report on the compliance of the FMs MCS. [↑](#footnote-ref-4)
5. *FP shall ensure the development of FMs Management Regulations, the respective FP’s guidelines and internal procedures of MoF specified in MCS. CA shall develop internal procedures specified in MCS to ensure correctness and regularity of expenditures* (point 8, Annex 3, AA’s report). [↑](#footnote-ref-5)
6. 24.08.2018 MoF Order No.607 “*EU Structural Funds, Cohesion Fund, EEA/NFM, Latvian-Swiss Cooperation Programme Risk Management Group*” [↑](#footnote-ref-6)
7. 11.01.2018 FP`s Procedure No.3.6 "*Procedure for carrying out risk management during the EU Funds 2014-2020 programming period and in management of other foreign financial assistance mechanisms*"; [↑](#footnote-ref-7)
8. 14 June 2018 FP`s letter No. 5.1-21/16 “*Postponement of CNs’ submission*” [↑](#footnote-ref-8)