



LATVIJAS-ŠVEICES SADARBĪBAS PROGRAMMA
LATVIAN-SWISS COOPERATION PROGRAMME



MINISTRY OF FINANCE
REPUBLIC OF LATVIA

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 2014 – March 2015***

In Riga
February 2015

Glossary of Acronyms

AIPY – the Agency for International Programs for Youth
ALTUM – the State joint-stock company “Latvian Development Financial Institution Altum”
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
EA – Executing Agency
ECA – the Institution of Fire Safety and Natural Disasters Prevention in the canton of Vaud
Embassy – the Embassy of Switzerland to Latvia, Lithuania and Estonia
EU – European Union
FIDIC – International Federation of Consulting Engineers
Fire safety project - Support for fire safety measures in local government general education institutions
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
IFRS – International Financial Reporting Standards
ISA – International Standards on Auditing
LASA – the Latvian Association of Sworn Auditors (national project partner in the World Bank project)
MoE – the Ministry of Economics
MoEPRD – the Ministry of Environmental Protection and Regional Development
MoES – the Ministry of Education and Science
MoF – the Ministry of Finance
MoJ – the Ministry of Justice
NCU – the National Coordination Unit
PA – Project Agreement
PIA – Project Implementation Agreement
PIR – Project Interim Report
PPF – the Project Preparation Facility
Sarkandaugava project – Remediation of historically polluted areas in Sarkandaugava
School busses project – Implementation of local governments activities by ensuring the transportation of school children and related support measures
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
Swiss Programme – the Swiss-Latvian Cooperation Programme
Swiss researchers’ activities – Swiss researchers’ activities in Latvia
TAF – the Technical Assistance Fund
Youth initiatives project - Support for the development of youth initiatives in peripheral or disadvantaged regions
World Bank project – Financial Reporting Technical Assistance Project

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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 2014 – March 2015*.

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 2015 – March 2016. This document will be discussed during annual meeting with the donorstate planned on 25 March 2015.

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 tasks related to the successful implementation of projects, announcement and completion of relevant procurements, launching open calls for proposals, carrying out information activities and performing audits, controls and on spot checks.

The commitment for Latvia constitutes 56.7 million CHF (100%) from the total Swiss Programme's funding available for Latvia. Currently reimbursements in amount of 40.9 million CHF or 72% from the total Swiss Programme's funding have been received from Switzerland. During 2014 reimbursements from Switzerland were received in the amount of 5.3 million CHF which is nearly the same amount (less for 0.1 million CHF) which was estimated in the Indicative Disbursement Plan 2014 for Latvia in the previous Annual Report – 5.4 million CHF.

During this reporting period the Swiss Programme faced active implementation and projects' monitoring period. The Micro lending programme was successfully completed in January 2015, therefore already 5 projects out of 12 are completed (2 in 2012 – the School busses project and the PPF; 2 in 2013 – the NGO Fund and the Modernization of courts project). Implementation of remaining 7 projects continues and out of these 2 more projects (the Swiss researchers' activities and the Fire safety project) will be completed in 2015. 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. Funding is used for investments in peripheral or disadvantaged regions, environmental protection, courts modernisation, education and research, NGO and private sector.

Overall progress made so far towards implementation of the Swiss Programme against the conceptual framework can be assessed as successful, taking into account that target indicators of projects are even overreached mainly due to savings of exchange rate fluctuations, procurements, and possibility to prolong projects' implementation where it's necessary. Additional video conference and audio recording equipment units were installed within the Modernization of courts project, 12 more subprojects were implemented within the NGO Fund, for 25% more micro loans within the Micro lending programme, 5 more youth centres will be established in regions within the Youth initiatives project.

From already completed projects' activities following impact has been achieved:

- Within the World Bank project all planned 16 seminars for enhancement of the institutional capacity to implement IFRS and ISA were delivered to 600 participants from various Latvian institutions;

- Within the Micro lending programme in less than two years around 1900 new jobs were created and existing ones kept thanks to 800 micro loans allocated from the initial Loan Fund;
- Within the Youth initiative project 17 youth initiative centres were opened in all regions of Latvia where young people can realize their ideas and activities, spend their free time and gain new experience and knowledge in informal way. As well as more than 3000 youth and persons involved in youth work have participated in trainings and other events organised by the EA, which they find very interesting, valuable and targeting their needs and providing sustainable capacity for their future ideas and work;
- Within the Fire safety project fire protection systems are installed in 57 local governments in 115 schools (in 122 buildings) thus at least 6000 school children benefiting from safe environment;
- Within the Modernization of courts project 94 video conference equipment and 308 audio recording equipment units were installed in court rooms and prisons thereby not only Latvia's justice system has become technologically more advanced but also video-conference equipment speeds the whole court proceeding significantly thus adding to general public security and safety;
- Within the NGO Fund 14 483 children and youth as well as 6 216 seniors benefited from being target groups within 62 implemented subprojects thus further promoting civil society's contribution to economic and social cohesion;
- Within the School busses project 110 school buses were delivered to 59 municipalities thus access to qualitative education was enhanced as well as safety of school children in peripheral and disadvantaged regions of Latvia increased;
- Within the "PPF" three feasibility studies were prepared and gained data was further used for elaboration of two FPPs.

During this reporting period following results were reached in projects which are still in implementation stage:

- In the Sarkandaugava territory remediation works are ongoing and already 315 tons of floating oil products in groundwater are pumped out;
- in total 26 Sciex scholarships supported, from which 14 already completed, after 6 open calls (97,3% of total available funding contracted);
- in total 87 Swiss researchers' (initially planned 45) motilities supported, from which 66 already completed and, at least 2000 students and academic staff members participated in lectures and research activities, after 4 open calls (95% of total available funding contracted). Additional open call to be completed in the end of February;
- international conference, 30 trainings, regional forum and regional conference were organised for youth and persons involved in work with youth;
- Draft report on Enhancing the Relationship between Tax and Financial Reporting and draft ROSC report delivered by the CFRR to EA, 4 IFRS and 2 ISA training courses, 2 IFRS conferences and workshop organised and 2 study visits to the bodies responsible for public oversight of auditors in UK and Germany take place.

Bilateral relationships between the countries have been strengthened through 66 Swiss researchers' visits to Latvia, fruitful cooperation with Swiss partner – ECA – within the Fire safety project and through exchanging experience about youth sector issues in the International conference "Support for the youth work development in Latvia and Europe" organized in November 2014 within the Youth initiatives project.

The NCU considers that implementation of the Swiss Programme is well perceived and highly appreciated in Latvia, because the Swiss Programme is contributing priorities defined in the NDP¹ and in general all projects are orientated on promotion and reduction of economic and social disparities between the Latvia and the most progressive countries within the enlarged EU and between dynamic centres of cities and structurally weak regions of periphery.

In the next reporting period actions of the institutions involved in the Swiss Programme will be concentrated on tasks related to:

- completion of the Swiss researchers' activities and the Fire safety project;
- on-going remediation works in the Sarkandaugava project;
- opening of 5 additional youth initiative centres;
- development of two IT systems under the World Bank project;
- providing overall information activities about the Swiss Programme as well as with regards to project level publicity;
- further implementation and monitoring of remaining projects – providing controls and audits of project activities;
- monitoring of post-completion obligations.

The overall implementation of projects is effective. In the reporting period the risk of lack of national co-financing for the 2nd tranche of Sarkandaugava project was solved. Detailed information on risks detected in projects and mitigation of them please see in the Sections 1.2. - 1.5 of this report.

¹ National Development Plan of Latvia for 2014-2020

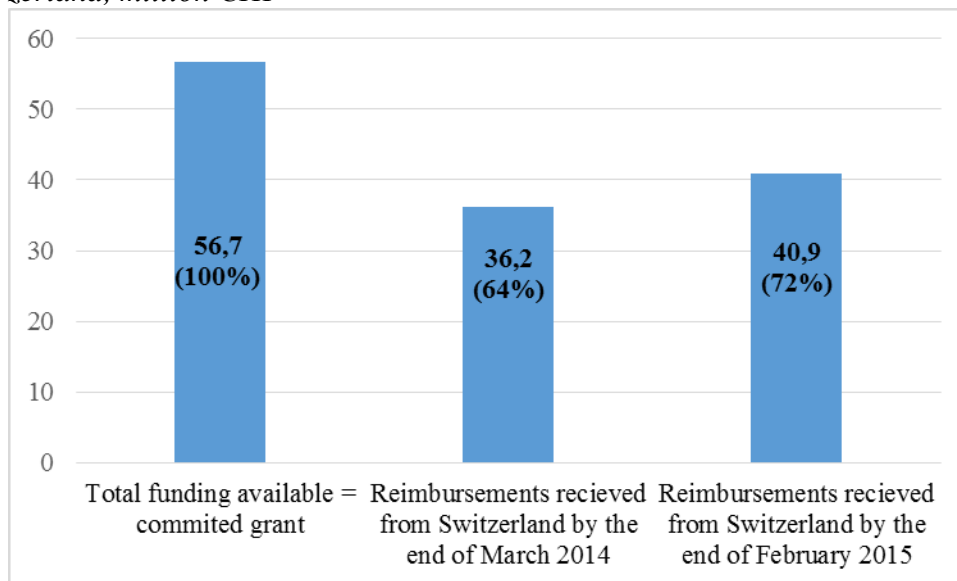
1. Reporting on the status of focus areas

1.1. Financial progress of focus areas

The commitment for Latvia constitutes 56.7 million CHF or 100% from the total Swiss Programme's funding available for Latvia (excluding the Swiss Programme's and CRUS management and evaluation committee costs).

Reimbursements received till the end of the reporting period are 40.9 million CHF or 72% from the net Swiss Programme's funding available for Latvia. During this reporting period the reimbursements from Switzerland increased for 4.7 million CHF or 8% comparing to the end of the previous reporting period (31 March 2014). During 2014 reimbursements from Switzerland were received in the amount of 5 317 359 CHF which is nearly the same amount (less for 106 598 CHF) which was estimated in the Indicative Disbursement Plan 2014 for Latvia in the previous Annual Report –5 423 957 CHF. Please see in the Chart 1 the comparison of reimbursements received from Switzerland in the previous and this reporting periods versus total available funding.

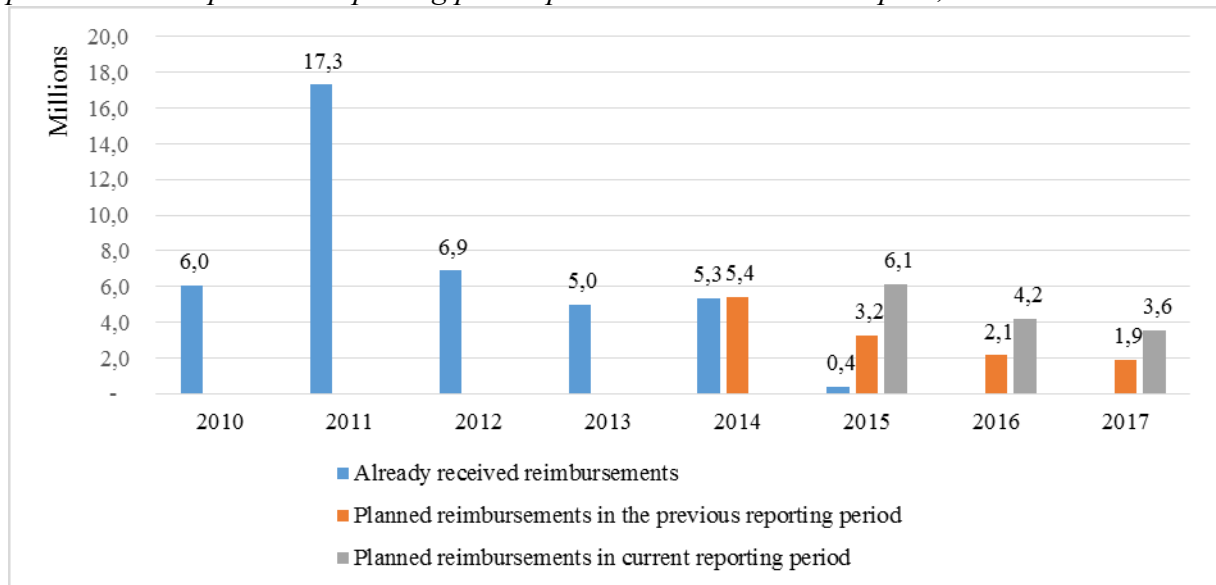
Chart 1 "Total available funding/committed grant and reimbursements received from Switzerland, million CHF"



During the reporting period 1 irregularity report for non-compliance with rules on public procurement in the Modernisation of courts project was prepared by NCU and submitted to SCO. The Swiss competent authorities agreed to NCU's suggested measures to correct the amount of eligible costs. During the reporting period financial correction 10% were applied for 12 thousand CHF or 0.02% from the total Swiss Programme's funding available for Latvia (since 2009 in total for 235.5 thousand CHF or 0.4%, which is considered as a very good result – well below standard materiality level of 2%).

The next chart shows actually received reimbursements till the end of reporting period and nationally planned reimbursements for time period 2015-2017.

Chart 2 “Actual and planned reimbursements for projects for time period 2010-2017 in comparison with in previous reporting period presented reimbursement plan, million CHF”



According to the chart above actual received reimbursements in 2014 were only by 2% lower than previously planned. Reimbursements planned to be received in 2015, 2016 and 2017 are twice higher taking into account that in the previous forecasts payments for the Sarkandaugava project's 2nd tranche were not included.

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

Table 1 “Indicative disbursement plan, CHF”

Title	2015	2016	2017	Total for 2015-2017
1.TAF	53 273	6 780	14 467	74 520
2.World Bank project	523 885	325 000	101 208	950 093
3.Modernization of courts project	219 038	0	0	219 038
4.Sarkandaugava project	4 297 256	2 886 626	3 128 940	10 312 822
5.Youth initiatives project	688 018	619 445	324 217	1 631 680
6.Swiss researchers' activities	39 253	82 703	0	121 956
7.Micro lending programme	189 870	0	0	189 870
8.Fire safety project	117 033	253 064	0	370 097
TOTAL	6 127 626*	4 173 618	3 568 832	13 870 076

*Out of this 391 592 CHF were received till 20.02.2015.

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	EA/Line ministry	Committed grant, CHF	Utilized grant within the project, CHF (till 31.12.2014)	% (utilized grant vs. committed grant)		Reimbursements received from Switzerland (till 20.02.2015)	% (reimbursements received vs. committed grant)		Unused funds in completed projects, CHF/%	Project completion dates
						till Dec 2014	till Dec 2013		till February 2015	till March 2014		
I. Security, stability and support for reforms	1. Regional development initiatives in peripheral or disadvantaged regions	School busses project	SRDA/MoEPRD	13 769 767	13 769 767	100	100	13 769 767	100	100	0	30.06.2011
		Fire safety project	SRDA/MoEPRD	2 379 730	2 126 666	89	25	2 009 633	85	10	n/a	31.05.2015
		Youth initiatives project	AIPY/MoES	4 000 000	2 638 985	66	52	2 368 320	59	38	n/a	31.03.2017
	2. Modernisation of the judiciary	Modernization of courts project	CA/MoJ	8 000 000	7 963 162	99,5	99	7 963 162	99,5	86	36 838/0,5%	31.12.2013
II. Environment and infrastructure	3. Rehabilitation and modernization of basic infrastructure	Sarkandaugava project	SES/MoEPRD	13 000 000	4 679 687	36	13	2 687 179	23	11	n/a	28.02.2017
III. Promotion of the Private Sector	4. Improved regulation of the financial sector and improving access to financing	World Bank project	MoF	1 533 827	1 002 588	65	37	756 288	49	26	n/a	30.06.2016
		Micro lending programme	ALTUM/MoE	7 923 078	7 917 983	99,9	95	7 728 113	98	94	5 095/0,1%	31.01.2015
IV. Human and Social Development	5. Research and development	Scholarship fund	CRUS/SEDA	2 100 503*	1 629 167	78	54	1 629 167	78	54	n/a	31.03.2016
		Swiss researchers activities	SEDA/MoES	216 212	133 509	62	13	94 256	44	7	n/a	30.09.2015
Special allocations	NGO fund	NGO fund	SIF	3 500 000	3 332 503	95	95	3 332 503	95	95	167 497/5%	30.04.2013
	TAF	TAF	MoF	132 255	83 542	63	41	57 735	44	41	n/a	14.06.2017
	PPF	PPF	MoF	141 343	141 343	100	100	141 342	100	100	0	30.06.2011
Total				56 696 715	45 418 902	80	68	42 537 465**	75	64	209 430/0,4%	

*Excluding CRUS management costs and evaluation committee costs

**Including reimbursements received for projects within the Scholarship Fund

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

Youth initiatives project

Activity “Establishment of Multifunctional youth initiative centres”

In this reporting period no centres were opened besides 17 already opened in previous reporting periods. Due to the savings (detected irregularities, savings in projects and currency exchange rate) additional 5 centres will be established in Jaunjelgava, Iecava, Aizpute, Riebiņi and Rogovka Districts, thus prolonging implementation of this activity till the end of 2016. The map of all 22 centres placed by regions can be seen in the Annex 1.

In 2014 EA carried out 2 on spot checks at the centres in Talsi and Livani before final payment to the respective municipalities was made. As well as EA ensured 3 post-completion checks in youth initiative centres in Ilukste, Tukums and Burtnieki. No irregularities were detected.

Activity “Trainings for youth and persons involved in youth work”

During 2014 EA organized 19 trainings for youth on self-development, creative thinking and about non-formal education for youth with sight problems and 12 trainings for persons involved in youth work about coaching, motivation and collaboration. As well as trainings for pupils’ self-governments and their consultants took place.

In total already 65 trainings with participation of 1280 youth have been organized thereby 65% of target indicators (100 trainings; ~2000 participants) are reached. As well as in total 41 training with participation of 788 persons involved in youth work have been organized thereby 68% of target indicators (60 trainings; 1200 participants) are reached.

Table 3 “Indicative training plan for youth and persons involved in youth work by year”

Number of	2011	2012	2013	2014	2015	2016	2017
trainings for youth / participants	5/ 95	20/ 391	21/ 421	19/ 373	18	18	3
trainings for persons involved in youth work/ participants	5/ 87	10/ 203	14/ 286	12/ 212	10	10	3

In the first half of 2014 training cycle “Aim Higher!” for youth of age 17-25 about self-development, setting of personal goals and critical thinking was concluded. These trainings were highly appreciated among youngsters and also trainers. Due to high demand EA organized them in each planning region repeatedly. Each training consisted of two parts (2 x 3-day seminar) with a homework in-between. The aim: to help youngsters to set their personal goals, strengthen their personal resources and to motivate them for self-development using different methods and solutions.

Due to high number of applicants, trainings for persons involved in youth work about coaching were organized in Vidzeme and Latgale Planning region repeatedly. As well as trainings for pupils’ self-governments and their consultants were continued in order to raise awareness of pupils’ self-governments as an important contributor to active participation in schools. These trainings took place in Zemgale, Kurzeme and Riga Planning region. 2-3 representa-

tives from each educational institution participated there: 1-2 students - representatives of pupils' self-government (age 14), who would participate in pupil self-government at least until the end of the school year, along with their consultant (teacher).

In the second half of 2014 new trainings for youth of age 16-25 were organised:

- 1) in Kurzeme, Vidzeme and Zemgale Planning region on development of creative thinking and innovative ideas using different approaches and methods. Each training consisted of two parts (2 x 3-day seminar) with a homework in-between. The aim: to promote youth creative thinking and encourage youth to go-ahead and to be confident in their own ideas and the ability to implement them;
- 2) in Riga and Kurzeme Planning region about non-formal education and its methods for youth with sight problems. These trainings promoted youth ideas, developed cooperation between the participants and provided support for personal self-development. Trainings were provided based on the elaborated methodological material in Braille on non-formal education. Both trainers and participants recognized that it has been a great experience.

Both trainings will be continued also in 2015.

During this reporting period EA implemented new trainings in all planning regions also for youth workers and youth centre workers:

- 1) on motivation and goal-setting in youth work to facilitate youth workers' awareness about their goal-setting and youth goals and motivation for the successful cooperation;
- 2) on development of collaboration and experience exchange to promote exchange of best practise and cooperation among youth centres.

Activity "Forums and conferences"

It is planned to organize following events from 2012 till 2016:

Table 4 "Plan of events for youth and persons involved in youth work by year"

Event/ Number of participants	2012	2013	2014	2015	2016
1 International conference	n/a	n/a	Jurmala/ 250	n/a	n/a
2 National forums	n/a	Riga/250	n/a	n/a	Riga
5 Regional forums, one in each planning region	Latgale/100	Kurzeme/100	Vidzeme/100	Riga	Zemgale
5 Regional conferences, one in each planning region	Vidzeme/100	Zemgale/100	Latgale/100	Kurzeme	Riga

The third regional forum "*Turn Vidzeme!*" was held on 9 to 10 May 2014 with the aim: to foster youth initiative and entrepreneurship in the region. Creative discussions in workshops took place and business concepts were presented by the work groups, which were assessed by jury, as well as participants discussed the role of youth in development of the region.

The third regional conference "*Turn Latgale!*" about youth work in regions was held on 26 September 2014. The aim: to discuss the role and significance of youth work in promotion of youth activities in the region, as well as to promote co-operation between young people and other involved parties in youth field, to meet and to share experiences.

International conference “*Support for the youth work development in Latvia and Europe*” took place on 5 till 7 November 2014. It was organised in cooperation with the associations “Youth Leaders Coalition” and “Baltic Regional Fund”. Participants were youth workers from municipalities and NGOs, youth, representatives from youth organisations, municipalities and educational institutions, including representatives from 6 countries (Switzerland, Lithuania, Estonia, Belgium, Norway and Austria). The aim: to promote youth cooperation between involved parties, to discuss necessary support at regional, national and European level for youth work and to highlight the importance of youth centres in the development of youth work and involvement of youth. The program was intensive with useful presentations and various workshops lead by foreign/Latvian experts covering different topics about other countries/Latvia’s experience in youth field. The results were summarized in the document containing priorities and actions to be taken in next two years at local and national level in the youth field. Regional and international conferences were broadcasted online in the Internet.²

Activity “Methodological material”

EA plans to elaborate in total ~15 methodological materials and learning materials.

In this reporting period EA elaborated three videos about:

- 1) self-development by participation in non-formal education activities.
The aim: to provide information on non-formal learning tools, techniques and potential impact; to reflect on the role of non-formal education in young people’s self-development process; to invite young people to engage in non-formal education activities.
- 2) outdoor activities and adventure pedagogy in youth work.
The aim: to create awareness of the outdoor life and adventure activities; to stimulate interest to use outdoor life activities and adventure pedagogy in everyday work with young people.
- 3) storytelling as an approach and tool in youth work.
The aim: to create an understanding of storytelling as an approach and instruments in youth work.

It has been concluded that video format is more interesting, easy to perceive and user friendly for youth. Video materials are actively used in trainings and in work with youth.

In total EA has already developed 11 methodological materials – 2 in Braille, 3 handbooks (youth coaching guide, all about the Youthpass, youth participation guide), informative material about multifunctional youth centres “*Open doors, open yourself!*” and 5 video materials. All these materials are available on EA’s web page.³

Risks

In the reporting period no risks were detected as seminars and conferences are still very well attended. To reduce risk of low number of participants EA proposed diversity of training topics according to the needs of persons who are involved in youth work and youth. As well as co-operation with regional coordinators turned out very successful, thus number of participants, who would not attend trainings in the last minute, decreased. Number of applications for trainings and events is high. Regional coordinators even prepare reserve list of participants, thus if someone cancels participation, the next person in line is invited to attend the event.

Risk that centres would not be established as planned and within the available budget is low, because agreements with municipalities include respective responsibility to cover financial

² NVO TV - <http://www.nvotv.lv/lv/>

³ <http://jaunatne.gov.lv/lv/sveices-programma/citi-resursi>

deficit, if necessary. The Project's Steering Committee took a decision to support establishment of the 6th extra youth centre in case the further savings in the project will occur.

Fire safety project

Activities for children

During reporting period EA started to develop the web game on fire safety and civil protection. The procurement was made in two stages, the first– a design contest. In order to professionally evaluate the submitted designs a Jury Commission was established by EA. 9 offers were received and with the Commission's decision made on 8 May 2014 three of them won prizes. In the second stage the 1st and the 2nd place winners were invited to the negotiations and offers were evaluated by the Procurement Commission based on game content and design and development of game applications. Negotiations were completed in July 2014, and the procurement agreement was signed in August 2014. The web game's distribution in educational institutions and on the Internet is planned in March 2015.

Cooperation with the Swiss project partner – ECA

An experience exchange visit was organized to Lausanne in Switzerland in October 2014. The visit was attended by the line ministry and EA. The main purpose of the visit was to find out ECA activities of raising public awareness of fire safety issues, experience and training for fire safety matters, including e-learning. The delegation paid particular attention to preventive measures and fire safety measures in buildings occupied by children: schools, boarding schools and summer camps. Other theme of the visit: public awareness of fire safety promotion. Partners presented the most important preventive measures in the Canton of Vaud. During the visit the delegation visited the ECA Training Centre and St. Georg Private International School, where observed the safety measures. EA presented to ECA results achieved in the project and objectives and structure of the web game.

Amendments in the PA

During the reporting period 2 amendments were initiated by EA for prolongation of project implementation period for 8 months until 28 February 2015 in order to effectively complete project activities, to perform additional post-completion visits for the Fire safety and for the School busses project and for 3 months until 31 May 2015 taking into account that extra time was necessary to ensure qualitative implementation of web game as well as additionally to purchase fire blankets. The first amendments were approved by the Swiss competent authorities. The second one will be submitted to SCO till the end of February.

Risk

The project is planned to be prolonged till the end of May 2015 in order to eliminate the risk that the time for development of the web game is insufficient in order to achieve high-quality result.

1.3. Priority sector “Environment and infrastructure”

Sarkandaugava project

Site I/II

Remediation works are on-going according to the schedule. In April 2014 the construction permit was received and remediation works were started. They are planned to be completed till the end of 2016. According to the construction agreement and FIDIC regulations construction supervision is performed during all works' period.

Till the end of January 2015 267,25 tons or 30% from target set in the Logframe of floating oil products in groundwater were pumped out and surface-active substance injection in wells was performed. In April and October 2014 the Riga Environmental Board made a control visit at the project site in order to check documentation and analyse the oil product age. Main results of the control were that works are performed in accordance with national legal acts and according to analyse results pumped oil products are historical (there was not found any new pollution).

Site III

In May 2014 both agreements for remediation works and construction supervision were signed. The pilot project was successfully performed from June till December 2014. During the pilot project floating oil pumping technology was tested and laboratory tests were made with contaminated soil to select the optimal contaminated soil treatment technology as well as 48,02 tons of floating oil products in groundwater were pumped out. It was concluded that the pumping methods used during the pilot project were reliable and sustainable. According to PA report on the findings of the 2nd tranche pilot project was sent to SCO on 6 January 2015. Afterwards the project Budget and Logframe is planned to be updated according to the results of the pilot project in April 2015.

In the summer 2015 it is planned to receive the construction permit and to start remediation works and supervision.

Risks

For the on-going remediation works EA holds weekly and monthly operational meetings and reports on progress of works are evaluated thereby the engineer and EA are regularly informed and risk of delays in the schedule is prevented. The engineer works in the object as well.

The risk of lack of national co-financing for the 2nd tranche was solved. The co-financing in amount of 856 678 CHF from the state budget was approved by the Cabinet of Ministers on 25 November 2014 and appropriate state budget allocation was provided by the Decree of MoF on 27 January 2015.

1.4. Priority sector “Promotion of the Private Sector”

World Bank project

Enhancement of the institutional capacity to implement IFRS

a) IFRS trainings

Two 12 day training courses of comprehensive IFRS from 19 May till 20 June and from 4 November till 4 December 2014 took place in Riga, for 30 participants. In the first one representatives from MoF, the State Revenue Service, the State Treasury and the Latvian State Audit Office took part. The second one was foreseen for trainers and there took part the Latvian Association of Accountants, the Latvian Association of Accounting Outsourcing, the Accountants Certification Center and LASA.

Two 10 day training courses of foundation IFRS from 5 till 29 August and from 8 till 29 September 2014 took place in Riga, for 30 participants, which were from MoF, the State Revenue Service, the State Treasury, the Latvian State Audit Office and the Financial and Capital Market Commission.

Thereby all together 8 seminars (82 seminar days) with 240 participants as foreseen for this activity in the project Logframe have been delivered.

b) Conferences and workshops

The 5th Ministerial Conference was organized in Vienna by CFRR on 3 June 2014. The conference addressed the importance of effective financial reporting frameworks, especially in relation to improvement of the environment for small and medium sized enterprises (SMEs). More than 200 participants from 30 countries reviewed progress in the implementation of sound systems of financial reporting, crucial to provoking confidence in economies and encouraging investment in CFRR partner countries in Europe and Central Asia. Two representatives from MoF took part in the conference.

CFRR organized the 2nd Executive IFRS Workshop for Regulators from 4 till 6 June 2014 in Vienna which was designed to help supervisors confidently engage with IFRS-based financial information and to understand its role in monitoring and supervision. This 2 day workshop brought together 70 senior staff of regulatory agencies responsible for supervising banks, insurance companies and listed companies, and those in charge of drafting accounting and prudential regulations, from over 20 countries for detailed discussions with a range of experts. Together four representatives from the State Revenue Service and the Financial and Capital Market Commission took part in the workshop.

The 2nd Accountancy Development for Results event was organised on 10 November 2014 by the World Bank on the occasion of the World Congress of Accountants in Rome. The theme of the event was Accountancy: Framing the Future. A forward-looking, solutions-focused discussion with leaders of the global accountancy profession, Accountancy: Framing the Future will help shape the World Bank’s ongoing engagement with accountancy profession. Together four representatives from MoF, the Latvian Association of Accountants and LASA took part in the event.

On 4 December 2014 CFRR in cooperation with the Accountants Association in Poland (SKwP) and the International Accounting Standards Board provided the 4th Annual Confer-

ence in Warsaw (Poland) to discuss IFRS and their impact on future financial reporting. Two representatives from MoF took part in the conference.

Enhancement of institutional capacity to implement ISA

a) ISA trainings

Two 1 day training courses of ISA updates on 29 and 30 September 2014 took place in Riga. In total 121 participants were from LASA, the Latvian State Audit Office, MoF and the Audit Advisory Council.

Thereby all together 8 seminars (34 seminar days) with at least 360 participants as foreseen for this activity in the project Logframe have been delivered.

b) Public oversight of auditors and quality assurance

Representatives of Professional Accountancy Organizations (PAOs) and experts in accounting practices from over 20 countries met in Vienna on 2 June 2014. The occasion was the 2nd CFRR and the International Federation of Accountants Regional forum for PAOs of countries of central, southeast and Eastern Europe which sought to share knowledge and exchange ideas to achieve excellence and innovation in the profession of accountancy and auditing. The forum took place against a background on an increased focus on improving the environment for SMEs and seeking ways to enhance their services to benefit SMEs. Two representatives from LAS and the Audit Advisory Council took part in the event.

On 22 and 23 October 2014 a seminar “Public sector audits of municipalities by corporate sector auditors and the State Audit Office” was organised in Riga by CFRR in cooperation with MoF and LASA. The seminar brought together the main parties of the financial reporting and auditing framework for municipalities. More than 100 participants, including representatives from MoF, the Latvian State Audit Office, existing and prospective corporate sector auditors of municipalities, municipalities and LASA, took part in the seminar.

Two study visits were made on 9 and 10 October and on 10 till 12 December 2014 by two representatives from the Latvian Audit Oversight Commission (AOC), the first – to the UK’s Financial Reporting Council and the second to the German public oversight body - the APAK-AOC⁴ to gain a deeper understanding on how both institutions exercises its public oversight responsibilities to help to improve the development of the AOC’s own working practices and methodologies, particularly in the light of the recently revised Statutory Audit Directive, the provisions of which will become effective in 2016.

On December 2014 CFRR delivered a report “Oversight and Quality Assurance in Latvia: Observations” to MoF. It includes future development options for the public oversight of statutory audits.

c) Development of IT systems

1) IT system for Latvian SMEs of sworn auditors implemented by LASA

Agreement with LASA was signed in February 2015 to ensure development of the IT system. LASA plans to announce the procurement for elaboration of the technical specification in March 2015. The procurement for the development of IT system is planned to be announced in April 2015, and the IT system shall be developed till September 2015.

⁴ <http://www.apak-aoc.de/english>

2) IT system (database) for the oversight of the sworn auditors implemented by the MoF

MoF plans to announce the procurement for elaboration of technical specification of the IT system in April 2015. Accordingly the procurement for development of IT system is planned to be launched in August 2015, and the IT system shall be finished till June 2016.

Enhancing the relationship between tax accounting and general purpose financial reporting

On 19 June 2014 a presentation on the draft Report on Enhancing the Relationship between Tax and Financial Reporting was given by PricewaterhouseCoopers (PwC) to the CFRR, MoF, the State Revenue Service and the Financial and Capital Market Commission. PwC's draft report along with their presentation summarising the study and exploring the recommendations was made available to the audience. PwC's final draft report was delivered to CFRR in December 2014. The final report is planned to be delivered by CFRR to MoF till end of February 2015.

Monitoring and Evaluation - accounting and auditing report on the observance of standards and codes (ROSC report)

After the ROSC questionnaire was completed by various Latvian stakeholders, the World Bank team had a mission in Riga from 12 till 16 May 2014. During this mission the team interviewed the stakeholders and recorded their findings. In December 2014 the draft ROSC report was submitted to MoF to share it for comments between the stakeholders. The final ROSC report will be delivered to MoF by April 2015.

EA in December 2014 initiated to CFRR prolongation of the Activity No.3 "Advice on enhancing the relationship between tax accounting and general purpose financial reporting" and No.4 "Accounting and Auditing Reports on the Observance of Codes and Standards (ROSC)" till 30 April 2015 to complete the outstanding tasks.

International Accounting standards and International Auditing standards translation project

A new procurement procedure are planned to be announced in March 2015 by the MoF and revision of the Latvian translation of all endorsed IAS/IFRS and related Interpretations is planned to be finished in September 2015.

Risks

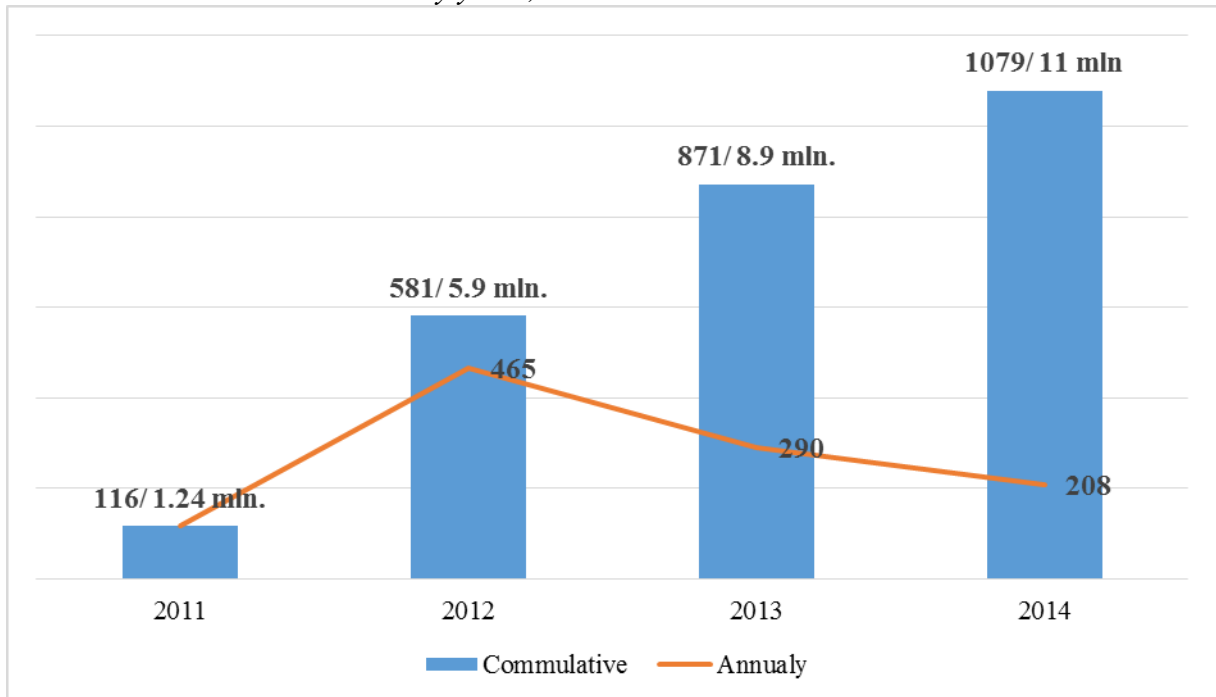
In March 2014 the project was prolonged till 30 June 2016, however project implementation must be closely monitored as 2 procurement procedures for development of IT systems will be organized. As agreement for advisory services with CFRR in December 2014 was once again prolonged for 4 months till 30 April 2015, EA performs and will perform close monitoring of the prepared time schedule for implementation of CFRR activities.

Micro lending programme

Starting from early September 2013 allocation of new micro-loans was provided only from repayments of the previously disbursed loans – 279 micro loans allocated from repayments till the end of 2014. Meanwhile, allocation of new grants has been stopped in August 2013, since there is no additional funding for the grants foreseen.

Please see in the chart below allocated micro loans by years since programme's beginning.

Chart 3 “Allocated micro loans by years, number/mln. CHF”



Out of these 1030 micro-loans were disbursed for a total amount of CHF 10.2 million till the end of December 2014.

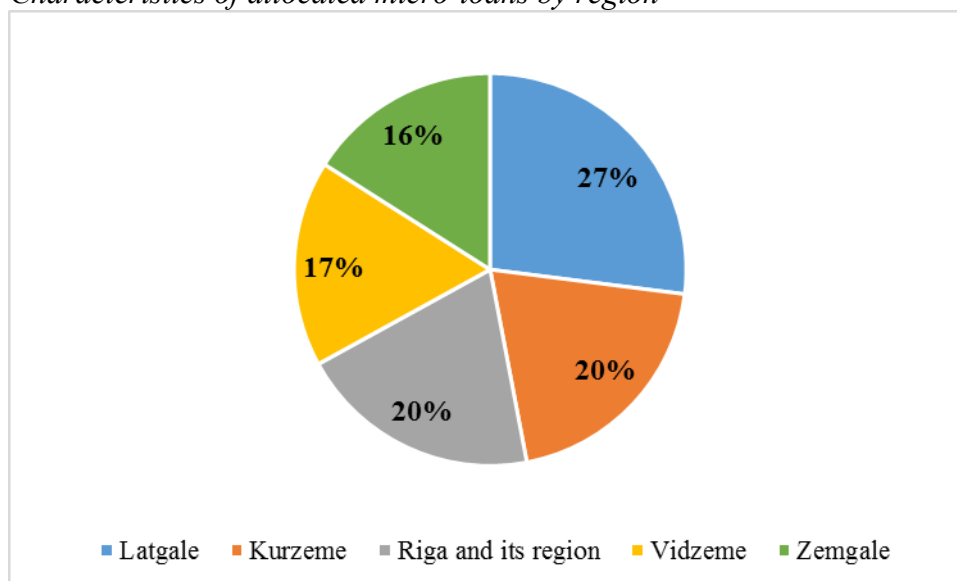
In 677 cases of allocated micro-loans also grants for loan redemption were awarded for a total amount of CHF 811 thousand. According conditions set for the programme, disbursement of a grant can be started one year after the micro-loan has been allocated. In real terms disbursement of grants started in November 2012. Until the end of December 2014 75% of allocated grants were disbursed – 507 grants for the total amount of CHF 625 thousand.

By the end of 2014 the loan portfolio is in size of CHF 5.1 million. Regarding the quality of the loan portfolio, it can be evaluated positively: non-performing loans ratio was 2.35% (in 17 cases delay of payments exceeded more than 90 days). Up to now 23 cases are recognized as written-off loans for a total amount of CHF 189 thousand. Regarding the repayments, by the end of reporting period repaid amount was in size of CHF 4.9 million.

Average size of a micro-loan is CHF 9.9 thousand. Almost every fifth micro-loan (18%) is in maximum amount of CHF 17.6 thousand. Less demanded are small-sized micro-loans in amount up to CHF 2.5 thousand.

Allocated micro-loans are regionally well balanced, please see in the chart below. Distribution of allocated micro-loans in selected cities, towns and regional municipalities: Riga (120 micro-loans), Daugavpils (41), Liepaja (29), Jekabpils (19), Kuldiga, Saldus (both - 15), Saunas parish, Rozupes parish (both - 10).

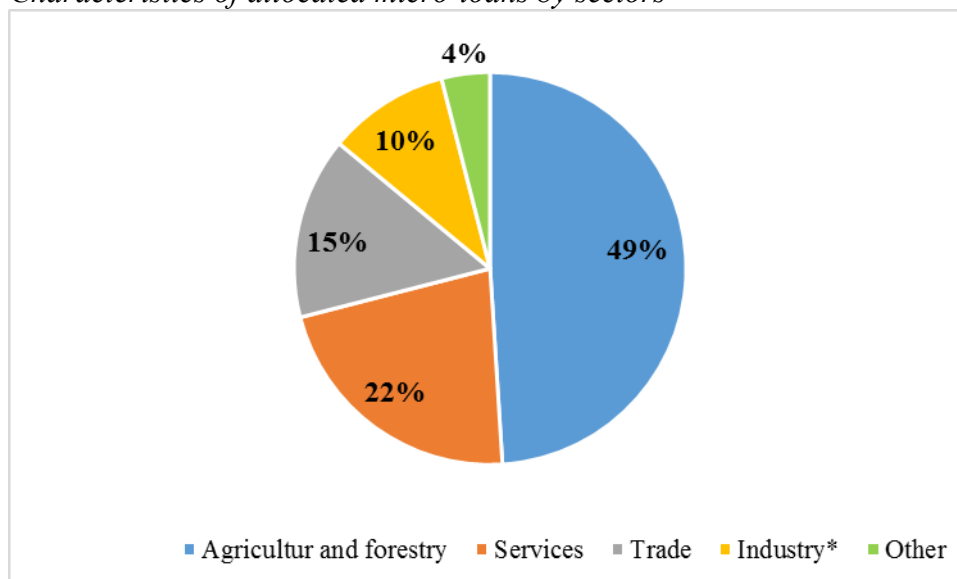
Chart 4 “Characteristics of allocated micro-loans by region”



After completion of projects there will be in average 2.4 jobs per enterprise versus 1.4 jobs initially planned. Output target of employed people in microenterprises⁵ will be ~2029 existing jobs and 548 newly created versus to 900 people initially planned to be employed in microenterprises. Thereby targets set in PA are already overreached.

Please see in the chart below distribution of micro loans by branches.

Chart 5 “Characteristics of allocated micro-loans by sectors”



*mainly wood processing/food industry

Amendments in the PA

EA initiated amendments to reduce project implementation period for 8 months until 31 January 2015 taking into account that the active operational phase of the project has completed as the micro-loans and grants in full amount according to the budget of the Loan Fund were allocated already in August 2013, as well as planned project indicators have been overreached

⁵ Net turnover per year is less than 2,6 mill. CHF and employees are not more than 9 persons.

and taking into account that there were no funding left to cover project management costs in the period from December 2014. In addition, to ensure further viability of the Loan fund after the completion of the Project, it was proposed to increase the management percentage to 4% paid from the Loan Fund annually to ALTUM. Such percentage for management costs is set by the Commission regulation EC No 1828/2006 of 09.12.2006, setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund. The Swiss competent authorities approved the initiated amendments.

1.5. Priority sector “Human and Social Development”

Scholarship fund

At the reporting period the last (the 6th) open call was completed and 97,3%⁶ of total available funding granted, including additionally allocated grant 283 788 CHF from the Swiss researchers’ activities according to the PA amendments approved by the Swiss side. The list of approved applicants and projects is available in the Annex 2. Please find in the table below an overview of open calls’ and Fund’s financial progress achieved by the end of February 2015.

Table 5 “An overview of open calls and financial progress within the Scholarship Fund”

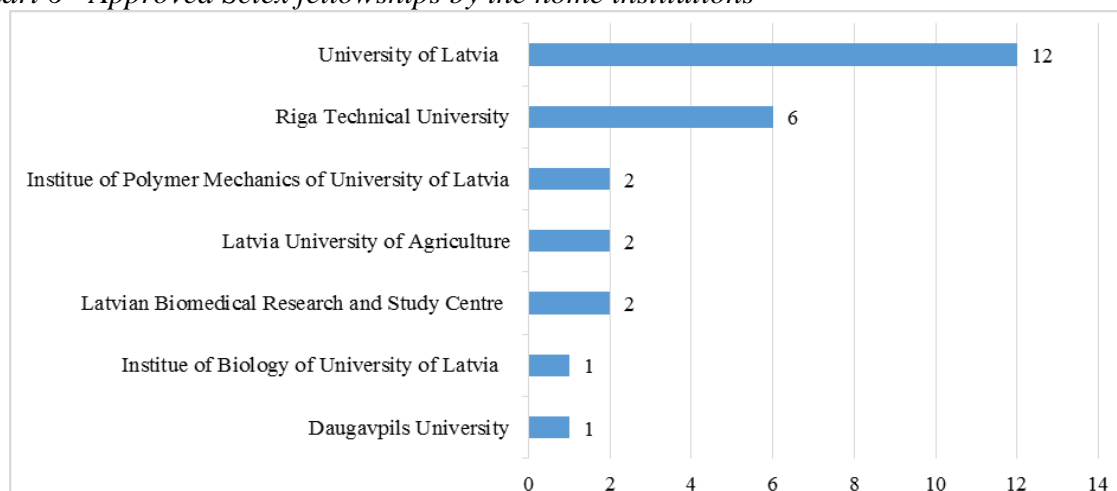
Call No.	Approved grant	Call duration	Received/ Approved/ Completed projects
1.	183 767	01.09.-01.11.2010.	5 / 3 / 3
2.	153 400	01.09.-01.11.2011.	5 / 2 / 2
3.	455 250	01.09.-01.11.2012.	13 / 6 / 6
4.	252 700	01.01.-01.04.2013.	5 / 3 / 3
5.	377 200	01.09.-01.11.2013.	15 / 4 / 0
6.	490 875	01.01.-01.04.2014.	22 / 8 / 0
Total:	1 913 192*		65 / 26 / 14

* short term visits excluded

The fellows from the 6th call were approved by the CRUS on 24 August 2014 at the Steering Committee meeting and shall be accomplished by the end of October 2015. The fellows will perform researches in fields like legal and social sciences, environmental sciences, earth sciences, engineering, chemistry and biology research. 15 out of 58 initially planned short term research visits took place till the end of February 2015.

Fellows in total from 7 higher educational and research institutions of Latvia have received financing for their research work in Switzerland.

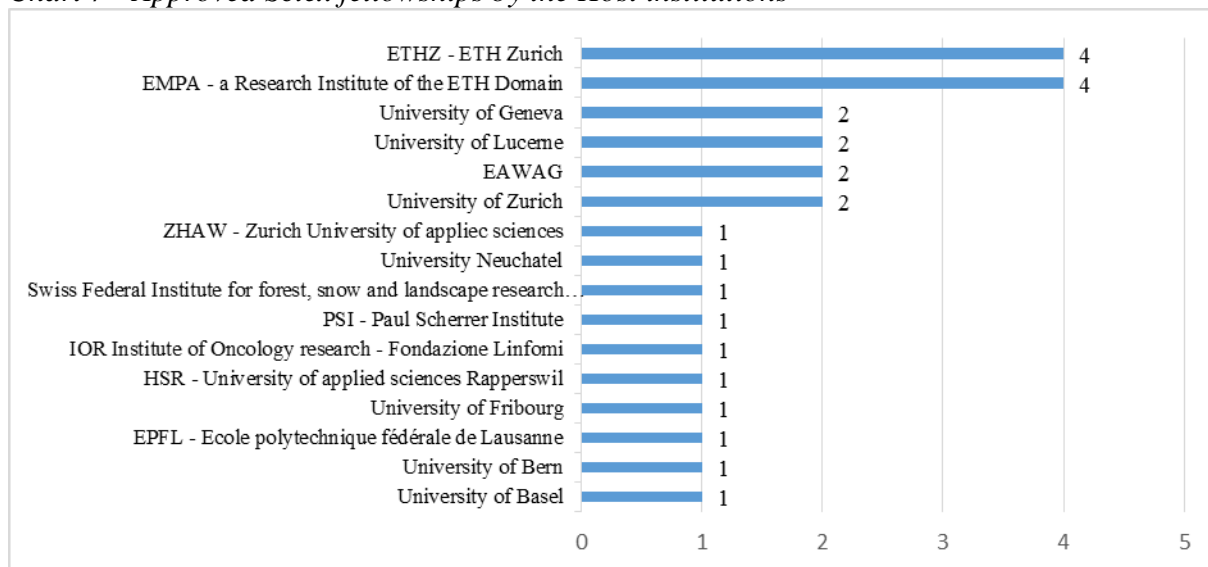
Chart 6 “Approved Sciex fellowships by the home institutions”



⁶ Remaining budget is 57'651 CHF. The remaining budget is not sufficient to grant the project on the waiting list which needs a total funding of 58'000 CHF.

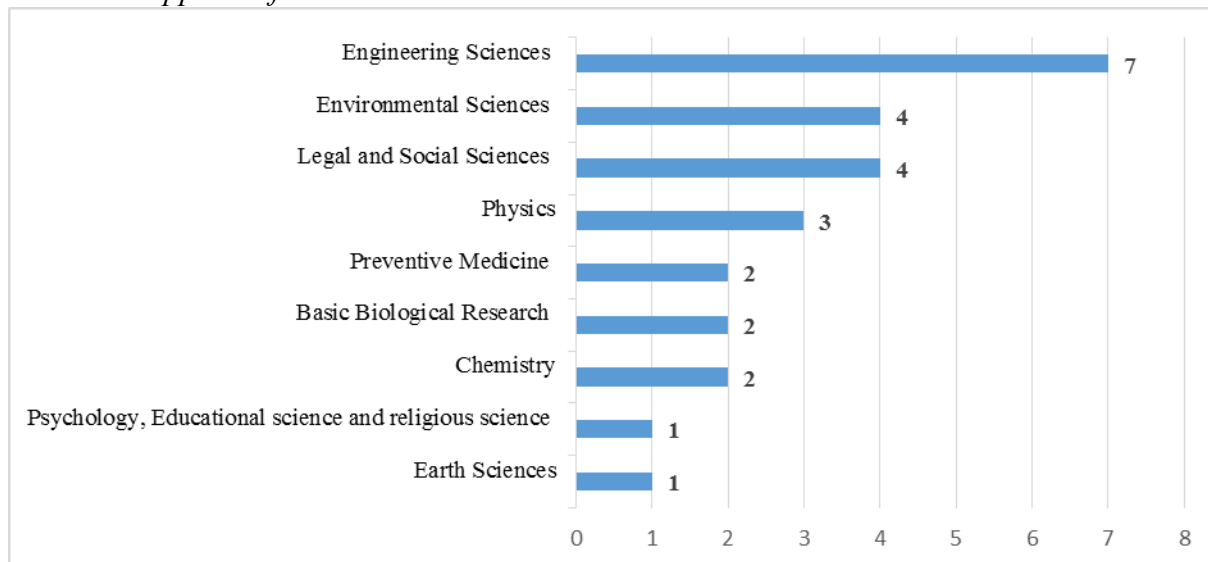
At the same time the Swiss host institutions of fellows are various as shown in the chart below:

Chart 7 “Approved Sciex fellowships by the Host institutions”



Fellowships were supported in fields as shown in the chart below:

Chart 8 “Supported fields”



Among fellows more demanded were fellowships with longer duration taking into account that 24 scholarships were approved with 12 till 18 months duration and only 2 scholarships – with 6 and 8 months duration. Sciex fellowships received 15 doctoral candidates and 11 post-doctoral researchers.

In order to facilitate utilization of grant SEDA has provided consultations to potential fellows/mentors by phone, e-mail, on the spot at SEDA and during seminars.

Swiss researchers' activities

Within the reporting period, 5 application submission rounds under the 4th open call took place (each round with a duration of 2 months) and 34 out of 36 applications were approved. Additional (the 5th) open call is in progress. Implementation of all sub-projects shall be finished by the end of June 2015. Please see in the Annex 3 of this report the list of approved applicants within the 4th open call and in the table below – an overview of open calls and financial progress achieved by the end of February 2015.

Table 6 “An overview of open calls and financial progress”

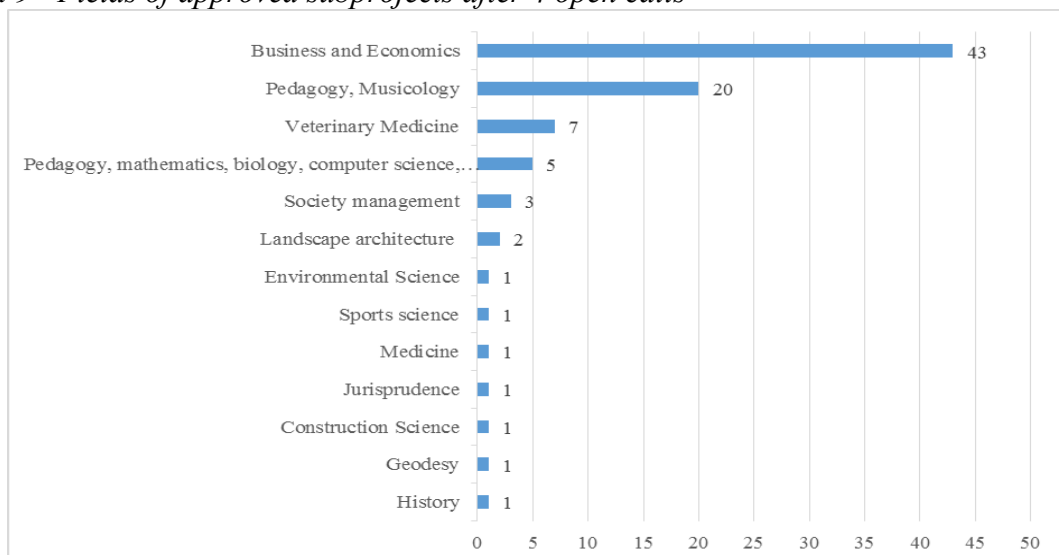
Call No.	Approved grant	Call duration	Received/ Approved/ Completed
1.	20 130	01.03.-30.04.2012	9 / 9 / 9
2.	14 105	01.09.-01.11.2012	8 / 7 / 7
3.	47 270	01.03.-01.05.2013	27 / 25 / 25
4.	103 381	01.09.2013- 31.12.2014	50 / 46 / 25
4.1	2 365		1 / 1 / 1
4.2	12 506		7 / 7 / 7
4.3	6 945		6 / 4 / 3
4.4	8 450		5 / 5 / 2
4.5	39 485		18 / 18 / 10
4.6	8 450		6 / 5 / 2
4.7	6 950		3 / 2 / 0
4.8	18 230		4 / 4 / 0
5	10 657*	05.01.-28.02.2015.	n/a
Total:	195 543		94/ 87/ 66

*available sum

The Swiss researchers approved in the 5 rounds under the 4th open call cover fields like musicology, business and economics, landscape architecture and jurisprudence.

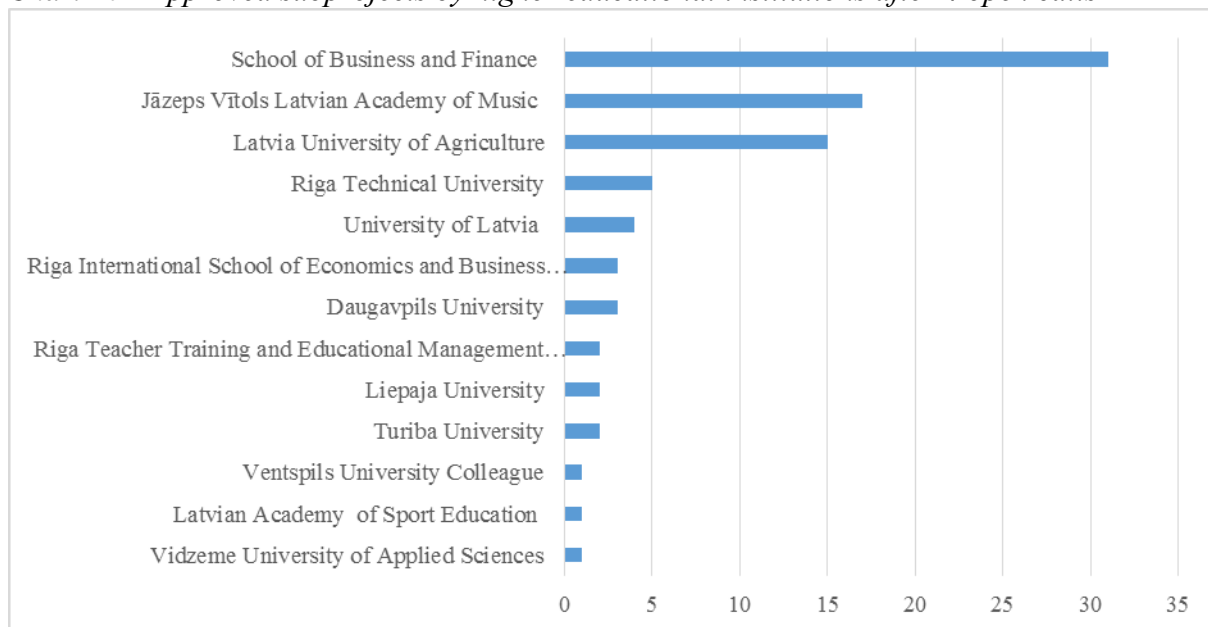
After 4 open calls it can be concluded that most demanded were Swiss researchers' lectures in business and economics (51% from subprojects), musicology (24%) and veterinary (8%) fields.

Chart 9 “Fields of approved subprojects after 4 open calls”



In total 13 higher educational institutions out of 58 registered in Latvia have received financing to invite Swiss researcher for lecturing. Majority of subprojects were approved for the School of Business and Finance (Riga) – 31, for the Jāzeps Vītols Latvian Academy of Music (Riga) – 17 and for the Latvia University of Agriculture (Jelgava) – 15.

Chart 10 “Approved subprojects by higher educational institutions after 4 open calls”



22 subprojects targeted regional higher educational institutions (Latvia University of Agriculture (Jelgava), Liepaja University, Daugavpils University, Ventspils University Colleague, Vidzeme University(Valmiera)) and 65 – higher educational institutions in Riga.

Amendments in the PA

According to PA, if there is no sufficient demand for small projects grants, the remaining funds from the small project’s budget shall be re-allocated to the Scholarship Fund, on 10 July 2014 the NCU proposed to re-allocate 283 788 CHF from the Swiss Researchers Project to the Scholarship Fund, taking into account that during the 6th Annual meeting of the Swiss Programme on 20 May 2014 the NCU and the Swiss competent authorities agreed about said re-allocation of funds. The Swiss competent authorities approved respective amendments.

Risks

Taking into account that grant was allocated to the Scholarship fund, the risk of insufficient number of submitted applications and unused funds allocated for Fellowships to Swiss researchers is eliminated.

To reduce the double financing risk, that fellows, granted under the Swiss researchers’ activities, might be using other public financial sources for covering the same activities, the information on other projects where the fellows are involved is analysed by SEDA. Information

about the granted fellowships is published on the web pages⁷ of SEDA and the Swiss Programme.

7

http://www.viaa.gov.lv/lat/starptalstu_sadarbiiba/sveices_sadarbibas_programma/izsludinatie_konkursi_sveice/sveice_rezultati/
<http://www.swiss-contribution.lv/page/69>

1.6. Special allocations – TAF

During the reporting period following activities were supported: organization of the Annual meeting and site visits, translation costs, participation in the International Congress on Vocational and Professional Education and Training Skills for the Future (on 15 to 18 September 2014 in Winterthur, Switzerland), participation in the 7th Baltic Retreat (on 30 September to 2 October 2014 in Parnu, Estonia), Swiss Programme's media monitoring as well as purchase of the standard software licence for Swiss Programme's section in CFCA's management information system.

Starting from January 2014 the NCU's initiative about media publications' evaluation by using the media monitoring was started, and it was recognized as useful tool, the NCU decided to continue this activity also in 2015 and 2016.

The Agreement was signed on 28 January 2014 with the SCO for implementation of activity "Production of videos about Swiss contribution". Implementation of activity was prolonged for 3 months, till the end of March 2015. In the result 19 portraits of people in Latvia and Switzerland will be produced thus promoting the Swiss contribution as well as providing general impressions of Latvian and Swiss culture and way of life. The stories will be posted on the Swiss contribution to EU's enlargement webpage⁸ and respective national web page⁹, as well as they will be used in other public communication tools.

⁸ www.contribution-enlargement.admin.ch

⁹ www.swiss-contribution.lv

2. Progress made towards implementation of the Swiss Programme against the conceptual framework

2.1. Assessment of the contribution

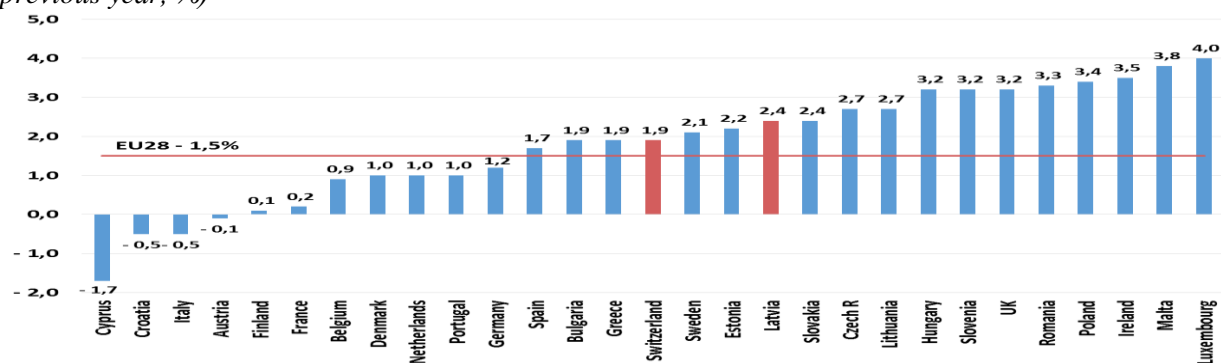
Most substantial achievements of Latvia in 2014 were – introduction of euro, repayment of part from the international loan issued to Latvia during the economic crisis, preparatory works to join the Organisation for Economic Co-operation and Development (approval of milestones for Latvia), increased credit ratings of Latvia, approval of the EU Funds 2014 – 2020 planning period – thus showing economic and financial development of Latvia.

Latvia became the 18th member state of the Eurozone in the beginning of the reporting period, thus providing more opportunities for sustainable development of Latvia by reducing currency exchange costs and fostering a stable business and investment environment. Latvian accession to the Eurozone gave a positive signal to investors and contributed to an upgrade for one level of the credit ratings by all leading credit ratings agencies (Standard&Poor's, Fitch and Moody's). Credit ratings of Latvia have returned at investment level and are the highest since economic crises period.

As Baltic States are united region Lithuania's joining to the Eurozone in the beginning of 2015 is an important event. Thereby Baltic region with a single currency will be more united, politically and economically stronger and less depended from the turbulence of the geopolitical circumstances. Joining the Eurozone reaffirmed integration of the Baltic States in Europe, which in the current geopolitical situation is particularly important. EU single currency has decreased impact of the Russian economic sanctions, as well has served as clear signal about region's economic and political stability to the eastern neighbour.

Economic recovery in EU states (EU28) remains fragile and the economic momentum in many member states is still weak. While economic activity did pick-up at the beginning of 2014, economic growth in the second half of 2014 demonstrated less encouraging results. Confidence is lower than in the beginning of 2014, reflecting increasing geopolitical risks and less favorable world economic prospects. In the 3rd quarter of 2014 Gross domestic product (GDP) in EU28 increased by 1.5% year on year, while the range of member states' growth rates remained broad from -1.7% in Cyprus to 4.0% in Luxembourg. However, growth differences are expected to decline over the next two years, while overall GDP growth in EU is expected to rise slowly in the course of 2015. An acceleration of economic activity is expected to be driven by the strengthening of the financial sector, as well as recent structural reforms starting to bear fruit.

Chart 11 “GDP growth in the 3rd quarter of 2014 in EU (against the corresponding quarter of the previous year, %)”



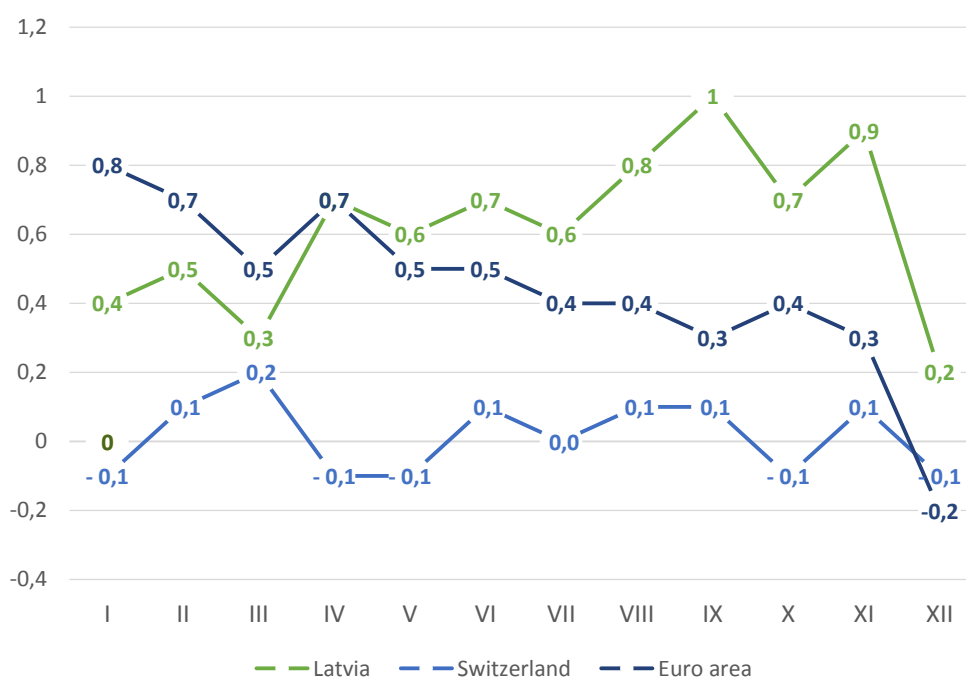
Source: Eurostat

In Latvia, after 3 years of strong economic growth, expansion of the economy has become slower in 2014. In 2013, GDP increased by 4.2%, but in the first three quarters of 2014 it slowed down to 2.4%, however it still exceeds the EU average growth rate by 1.0 percentage point.

Economic slowdown in 2014 was determined both by internal and external factors. At the beginning of the year, economic growth was negatively affected by the shutdown of the largest metallurgical plant *Liepājas Metalurģs*, while from the second quarter of 2014, tense geopolitical and economic situation in the region played a role. Introduced trade sanctions and devaluation of Russian ruble adversely affected Latvian exports to Russia, as well as manufacturing in several sub-sectors closely related to Russia's markets. Investment activity also declined as a result of increasing political instability in the Eastern European region. Main driver of economic growth in 2014 remained domestic demand, mainly private consumption. Positive developments in these sectors were provided by improvements in the labour market.

Economic growth is related with inflation dynamics. In 2014 changes in consumer price level remained very moderate in Latvia despite of widespread concern about significant upward impact of euro introduction on consumer prices. Inflation dynamics in Latvia, Switzerland and euro area is shown in the chart below. Annual average inflation in 2014 was at historically low level of 0.6%. Inflation in 2014 was dragged down by external factors, namely, by declining oil prices in the global market, thus reducing local prices for fuel. In the Eurozone falling energy and food prices, as well as the substantial slack in the economy, have contributed to further decrease in inflation rates.

Chart 12 "Inflation rate dynamics in 2014, % (annual rate of change)"

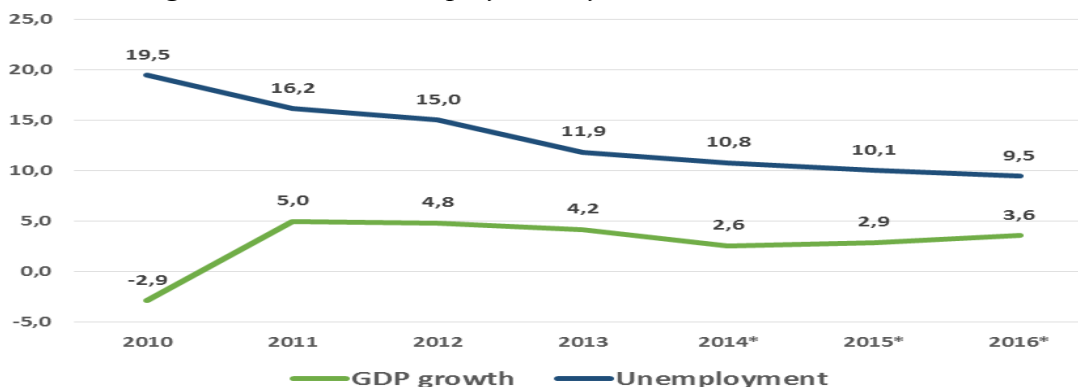


Source: Eurostat, Central Statistical Bureau of Latvia

The rapid economic growth of previous years has started to show up in rising earnings. The average gross wage in the first three quarters of 2014 increased by 7.1% year on year, reaching 775 euro in the 3rd quarter, while real wages grew by 8.2%, driven by low inflation and tax reduction on labour. In 2014 wages grew faster in the private sector where salary in the 3rd quarter rose by 8.5%, while wages in the public sector increased by 5.6% year on year.

The highest average gross wage still is recorded in Riga region - 847 euro, while the lowest – in Latgale region – 531 euro, demonstrating still evident regional disparities and challenges. Steady economic growth has a positive effect on the situation in labour market and, according to data of the Chart below, unemployment rates are decreasing since 2010. Following the noteworthy improvements in the labour market in 2013, in 2014 these improvements slowed down as it was influenced by both lower economic growth rate and decline in the number of working age population. Still, the jobseeker rate in the 3rd quarter of 2014 decreased to 10.6% - by 0.9 percentage points year on year, and was the lowest since the end of 2008.

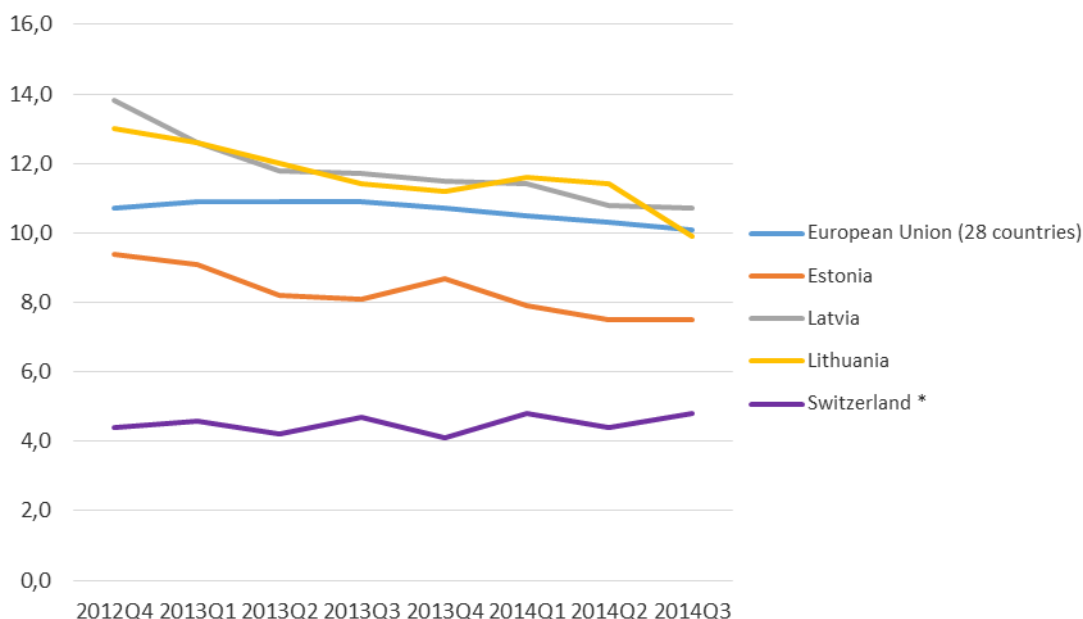
Chart 13 “GDP growth rate and unemployment dynamics in Latvia, %”



Source: Central Statistical Bureau of Latvia, European Commission forecast*

The registered unemployment rate has been falling steadily – from 9.8% at the end of January 2014 it has decreased to 8.5% at the end of December 2014. The highest unemployment rate still was registered in Latgale region – 17.8%, while the lowest – in Riga region - 5.2%. According to statistic data (see the Chart below) unemployment rate in Latvia is still high comparing to neighbouring countries, the EU average and Switzerland.

Chart 14 “Seasonally adjusted unemployment rate 2012-2014, %”



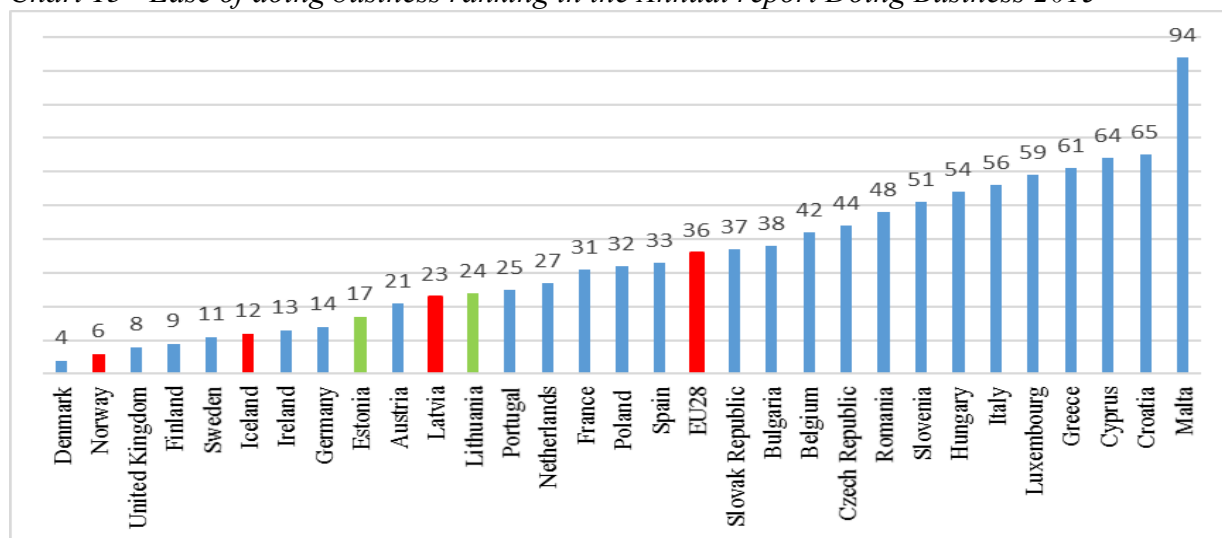
Source: Eurostat, * OECD estimated value

Comparatively high unemployment is still mainly related to cyclical factors and features of structural unemployment are becoming more typical. Risk that part of current unemployed persons will not be able to find job in a longer term still remains, because sectors which recover from crisis faster, are not the same ones having the largest job losses during the crisis. In November 2014 share of long-term unemployed persons (not working for more than a year) in the total number of unemployed persons accounted for 34.5%, having decreased from 36.7% a year ago.

Geopolitical tension in region and economic recession in Russia and depreciation of the Russian ruble remain most significant risks to economic growth in Latvia. In addition to that, economic growth in the euro area is weak, thus negatively affecting Latvia's growth potential. On the positive side, resumption of production at *Liepājas Metalurģis* (largest metallurgical plant) could provide significant positive boost to manufacturing as well as overall GDP growth in 2015. In addition, lower oil prices will contribute to economic growth in Latvia by boosting consumption, partially offsetting negative spillovers from recession in Russia. Economic growth is therefore projected to be relatively weak at 2.6% in 2014 and 2.9% in 2015 according to the latest European Commission forecasts.

About development of Latvian economic testifies as well evaluations' results of the different international organizations. For example, Latvia has achieved a high score in the annual report *Doing Business*¹⁰ 2014. Latvia ranks in the 23rd place among 189 states and is in the 9th place among EU28. The rank of Latvia has increased comparing to the report *Doing Business* 2013 where Latvia was in the 25th place among 185 states. Comparing to previous report in 2014 Latvia has substantially improved rating in procedures of reception of the building permits; connection to energy; tax pay off ratio, nevertheless on progress major problems still are related with effective operation of the courts system.¹¹

Chart 15 "Ease of doing business ranking in the Annual report *Doing Business* 2015"



Source: www.doingbusiness.org

¹⁰ The report *Doing Business* is published annually by the World Bank since 2003 (www.doingbusiness.org) and provides objective measures of business regulations and their enforcement across 189 economies.

¹¹ Data in *Doing Business* 2015 as of 1 June 2014.

Latvia ranks in the 42nd place (year ago the 52th place and the year before the 55th place) among 144 states in evaluation of the *Global Competitiveness Index (GCI)*¹² 2014-2015, whereas leader of rank is Switzerland. Relevant improvements are in fulfilment of base requirements (institutional environment, quality of the public infrastructure, macroeconomic environment, health and education) where Latvia has enhanced from the 40th place to the 34th place, as well as improvements in indicators of the efficiency enhancers (higher education, efficiency of the product and labour market, development of financial market) where Latvia has enhanced from the 41th place to the 36th place, nevertheless ranking of indicator like entrepreneurship satisfaction and innovations are still low – the 61st place (before the 68th place).

Latvia ranks in the 37th place (year ago the 42nd place) among 178 states in evaluation of the *Economic Freedom Index*¹³ (published in January 2015) improving rank by 5 positions compared to previous year while Switzerland is at the 5th place. Nevertheless remaining in group of states which are “*moderate free*”. Level of the Latvian economic freedom corresponds to 69.7 percentage points which is for one percentage point more than in the previous year. Increase results from improvements in 8 of 10 indicators, especially in indicators like entrepreneurship freedom, labour freedom, investment freedom and freedom of corruption.

Improvement of the microeconomic indicators and improved ranks in international entrepreneurship environment evaluations in recent years shows development and alignment of business environment, as well as availability of funding for entrepreneurs, including Swiss Micro-lending programme providing support for micro-loans.

Latvia has got closer for 20% to EU medium level of the living standards in last 10 years. This is a major achievement. By joining EU in 2004 the GDP per capita in Latvia was only 47% from EU medium level, but in 2013 this indicator has reached already 64%¹⁴. Nevertheless the steady economic growth in recent years Latvia still is the fourth poorest EU country following Bulgaria, Romania and Croatia. Thus cohesion policy, including foreign financial assistance like the Swiss Programme, the EU Funds and the EEA/Norway Grants in the targeted areas will make an important role for further economic growth and achievement of national objectives of Latvia.

Thus EU Cohesion Policy and other foreign financial assistance instruments are linked to priorities set in the strategy “Europa 2020” the National Development Plan 2020 and are considered as main investment instruments to achieve sustainable growth and results, reducing disparities between Latvia, EU states and donor state.

On 13 November 2014 the European Commission approved officially Operational Programme “Growth and Employment” for the EU Funds 2014-2020 programming period, within the framework of which there will be 4.4 billion euro available for Latvia. Latvia is among the first Member States having the operational programme officially approved. Most significant investments are planned to reduce the number of citizens under the poverty risk by providing appropriate training, improving their health condition and integrating them into the labour market, as well as to facilitate the employment by integrating long-term unemployed persons and young people in the labour market. With the support of EU funds it is also planned to re-

¹² *Global Competitiveness Report* is a yearly report published by the World Economic Forum, webpage: <http://www.weforum.org/reports/global-competitiveness-report-2014-2015> Data of the GCI gives possibility to determine advantages and disadvantages of states competitiveness in specific indicators which identify competitiveness.

¹³ *Index of Economic Freedom* is an annual index and ranking created by the Heritage Foundation since 1995, webpage: <http://www.heritage.org/index/>

¹⁴ <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tec00114&plugin=1>

duce the consumption of primary energy by improving energy-efficiency in the private and public housing stock, improving energy-efficiency in the industrial production and supporting increase in the energy-efficiency of the public transport. It is also planned to increase investments in the research and development, promotion of the private investment attraction, as well as to activate cooperation between research institutions and businessmen. Investments of EU Funds are also planned to improve information and communication technologies and transport infrastructure having a direct impact on the economic productivity, underlying innovations and increasing internal and external mobility of people and goods.

Political stability and anti-corruption system's impact on growth and development of state's economy

Within reporting period the CPCB in close co-operation with other institutions has elaborated *Guidelines for the Corruption Prevention and Combating 2014-2020* (the Guidelines) incorporating strategic directions of activities, specific activities to be implemented by assigned institutions as well as overall information about anti-fraud policy, strategic objectives, results to be achieved and tasks to be done for the protection of interests of the EU Funds and other foreign financial assistance instruments. In the beginning of 2015, CPCB submitted the Guidelines to the Cabinet of Ministers. Taking into account necessary amendments to the Law on CPCB and fact that the first half of 2015 Latvia will be responsible for the Presidency of the Council of the EU (Latvian Presidency) most probably the Guidelines could be adopted only in the second half of 2015. This is the third anti-corruption policy document developed by CPCB in Latvia since 2004 and all the documents including the latest one include activities on integrity and corruption prevention, thereby maintaining principles of continuity and ensuring that anti-corruption politics are being implemented.

Corruption Perception Index (CPI)¹⁵ for Latvia is evaluated for 16 years. In 2013 CPI for the first time placed Latvia among countries where corruption “is not considered a serious problem” ranking Latvia in the 49th place among 175 states (with 53 points out of 100). In 2014 Latvia ranked in the 43rd place (with 55 points). During period 2012-2014 Latvia reached the most rapid increase (up to 11 places) among the Baltic States. Still Latvia shall achieve a lot to diminish corruption risk in the state.¹⁶ Please see in the table below comparison of CPI in the Baltic States during last 3 years:

Table 7 “CPI in the Baltic states 2012-2014”

<i>Place (2012.→2013.→2014.) (increase)</i>	<i>State</i>	<i>Assessment (2012.→2013.→2014.) (Increase)</i>
32→28→26 (+6)	Estonia	64→68→69 (+5)
48→43→39 (+9)	Lithuania	54→57→58 (+4)
54→49→43 (+11)	Latvia	49→53→55 (+6)

Source: CPCB of the Latvia

Regarding political stability

On 4 October 2014 elections of the 12th Parliament of Latvia (*Saeima*) were held. In total 6 parties were elected and the most support gained parties of the existing Government. Thereby new Government was established from 3 parties of the existing political coalition – the Unity (*Vienotība*), the Green and Farmer parties' alliance (*Zaļo un Zemnieku savienība*) and the National Alliance (*Nacionālā apvienība*). The principal aim of the new Government is enhance-

¹⁵ Annually published evaluation by the Transparency International, Webpage: <http://www.transparency.org/research/cpi/overview>

¹⁶ CPCB webpage: <http://www.knab.gov.lv/lv/knab/press/article.php?id=469537>, in news on 3 December 2014

ment of the population's welfare and 3 main directions are – growth of the national economy; improvement of life quality of the individuals and families as well as security. Establishment of the new Government based on the existing coalition of parties will ensure that it will continue political and economical direction of the previous Government – growth of Latvian economy, fiscal accountability, macroeconomic stability and sustainable development. Stability of political situation and continuation of political direction of the previous Government is very important especially due to crisis in Ukraine as well as Latvian Presidency of the EU Council, which has started since January 2015.

Latvian Presidency's 3 main priorities are – the competitive Europe by introduction of the Juncker Investment Plan for recovery of the economics; the digital Europe and the engaged Europe.¹⁷ Thus to put into practice the Investment Plan for Europe by June 2015 is one of the main and the most ambitious goal of the Latvian Presidency. The constructive discussion between EU member states and the European Parliament should be ensured within period of Latvian Presidency to reach agreement on necessary legislation to put into practice the Investment Plan for Europe. Principal aim of the Investment Plan is to strengthen the EU competitiveness in global scale and simultaneously to enhance an attractive environment for investments and economic growth. Taking into account that Europe faces economic challenges like stagnation or slow growth, high unemployment, high poverty level, introduction of the Investment Plan for in amount of EUR 315 billion will give the substantial incentives for economic growth and creation of new jobs in Latvia and in EU thus reducing economic and social differences within the EEA.

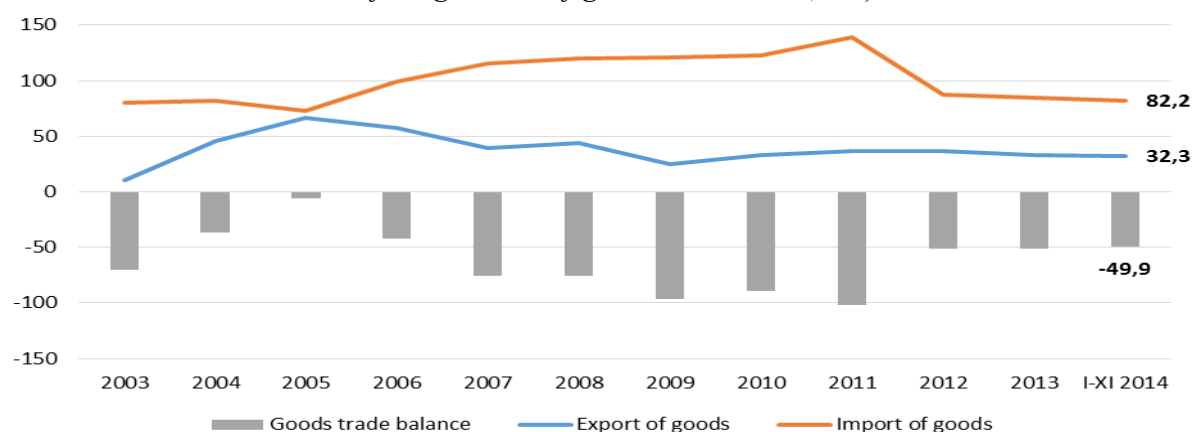
¹⁷ Speech by the Prime Minister of the Latvia Ms. Laimdota Straujuma in press conference in Brussels on 3 December 2014

2.2 Economic cooperation between Latvia and Switzerland

Economic relations have remained remarkably stable over the past ten years which is proved by the amount of bilateral trade and direct investments between both countries.

After Latvia's accession to EU in 2004 volume of exports of goods to Switzerland increased more than four times. After 2005 export volumes were quite fluctuating with overall downward trend. In the first eleven months of 2014 goods export value to Switzerland reached 32.3 M EUR, which is by 4.9% more than in the same period of previous year. Switzerland was 31st largest Latvian export partner with only 0.4% share of total exports by November 2014.

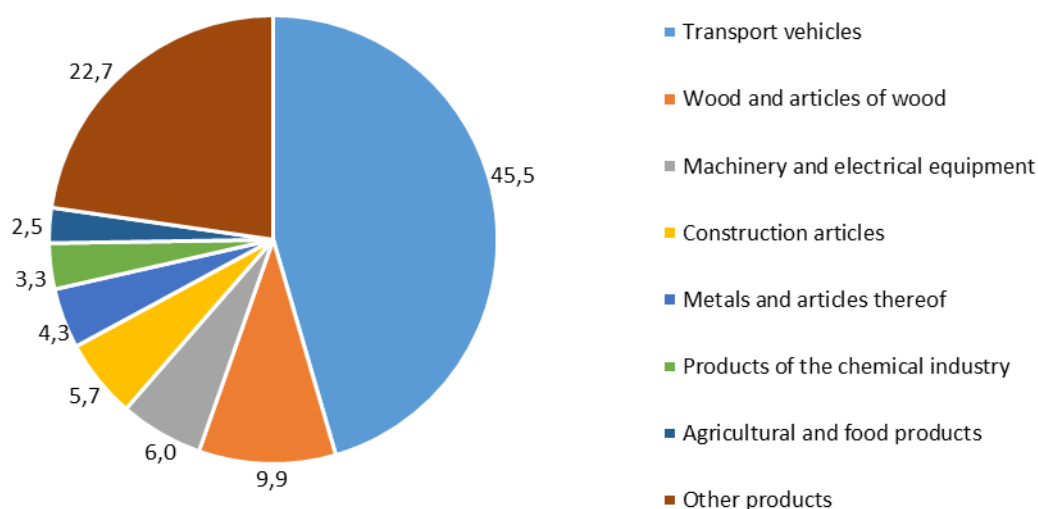
Chart 16 "Latvian and Swiss foreign trade of goods 2003-2014(I-XI), M EUR"



Source: Central Statistical Bureau of Latvia

Exports of goods to Switzerland is mainly composed from vehicles and transport equipment (45.5%) and wood products (9.9%). It is important to note, that vehicles and transport equipment exports, which is mainly composed from vehicle bodies (including cabs) and parts and accessories of the motor vehicles surely grew for the last few years. Exports of other types of commodities is distributed evenly.

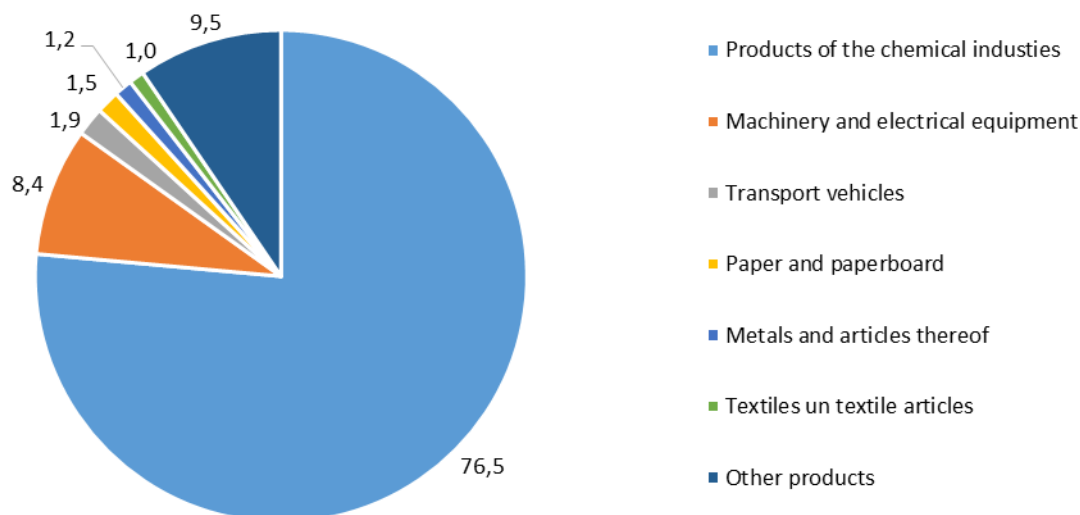
Chart 17 "Structure of exports, % of total exports of goods to Switzerland in 2014 (I-XI)"



Source: The Central Statistical Bureau of Latvia

Since 2011 commodity imports from Switzerland has sharply decreased contributing to smaller negative trade balance between Latvia and Switzerland. Overall, the greatest part of total goods imports from Switzerland are high value added products. A breakdown by commodity groups shows that the largest part of imported goods are chemical and pharmaceutical products (76.5%). Machinery and electrical equipment is the second largest group with 8.4% share of total imports.

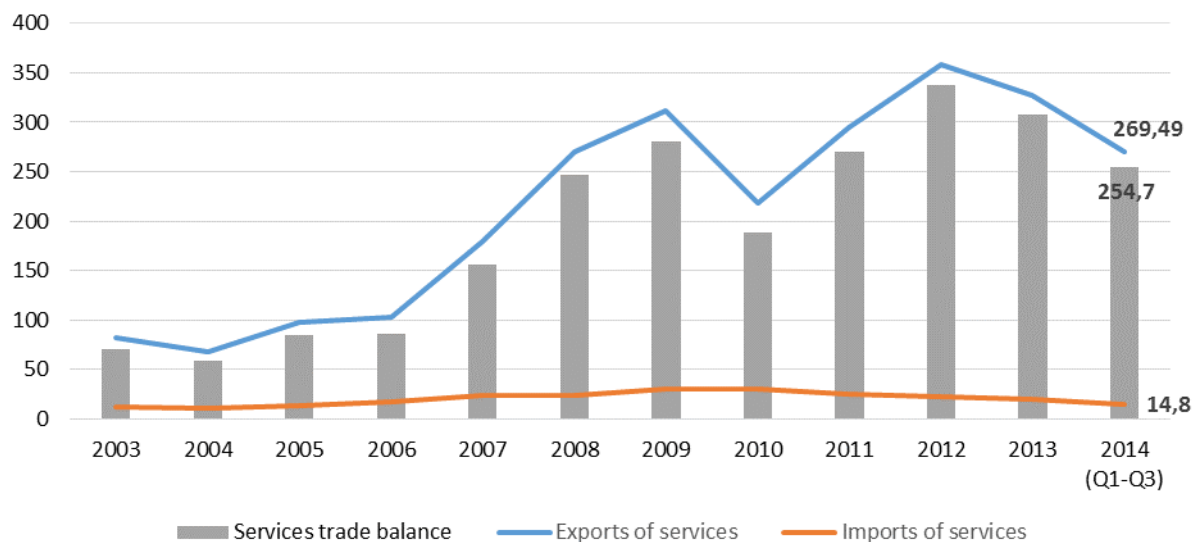
Chart 18 “Structure of imports, % of total imports of goods from Switzerland in 2014 (I-XI)”



Source: Central Statistical Bureau of Latvia

Exports of services to Switzerland decreased dramatically during the economic crisis, declining almost by one third. However, it returned to positive growth already next year. Exports of services to Switzerland is much higher than exports of goods. 269.5 M EUR or 9.5% of total services exports were provided to residents of Switzerland in three quarters of 2014. Still most of services were provided in transportation sector (especially rail and sea transport), which is 92.5% of total export of services to Switzerland.

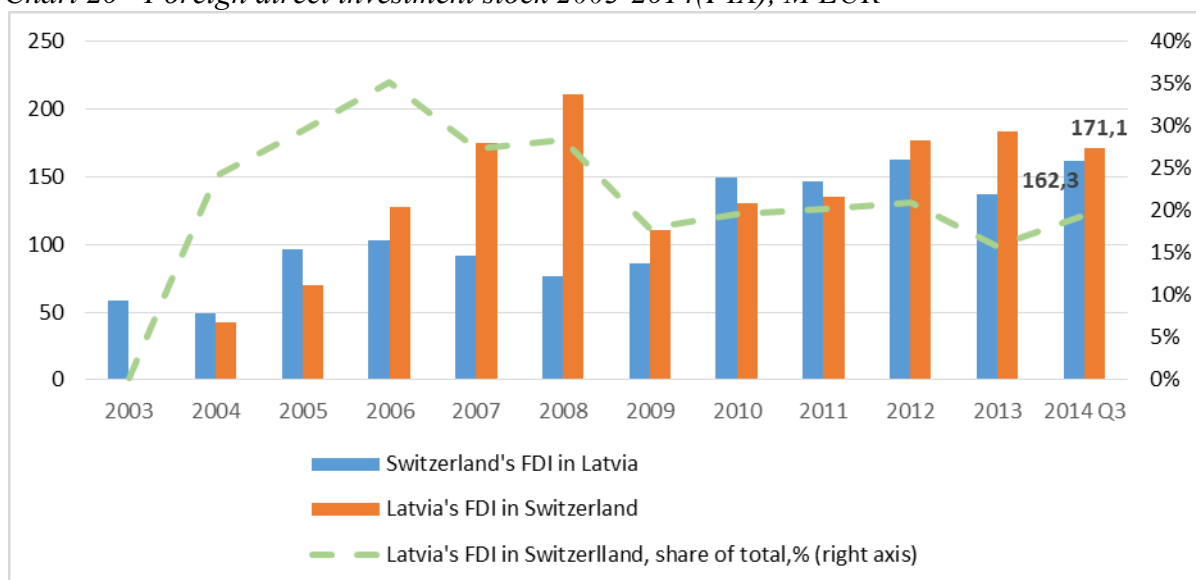
Chart 19 “Latvian and Swiss foreign trade of services 2003-2014(I-IX), M EUR”



Source: The Bank of Latvia

If in 2013 accumulated foreign direct investment (FDI) from Switzerland in Latvia noticeably decreased, then at the end of third quarter of 2014 it recovered and already reached 2012 volume. Total Switzerland's direct investment in Latvia at the end of third quarter of 2014 accounted for 162.3 M EUR, ranking it in the 15th place by FDI stock in Latvia.

Chart 20 "Foreign direct investment stock 2003-2014(I-IX), M EUR"



Source: The Bank of Latvia

Switzerland's direct investment in Latvian economy was mainly concentrated in the transportation and storage sector and wholesale and retail sector. However, in recent years the share of transportation and storage sector has decreased as a result of structural changes.

It is noticeable that Latvia's investment in Switzerland exceeds Switzerland's investment in Latvia. Moreover, at the end of third quarter of 2014 Switzerland was the number two destination for Latvian foreign direct investment after Lithuania. Overall, Latvia's accumulated FDI in Switzerland was 171.1 M EUR.

Cohesion

NDP¹⁸, which was approved by the Saeima on 20 December 2012, determines most important medium-term priorities, areas of actions, objectives and indicators for their implementation. The Swiss Programme will contribute to some of the priorities defined in the NDP, in particular to:

1. **Research and Innovation, including support to higher education institutions and students**, by Scholarship fund and Swiss researchers' activities;
2. **Growth of the National Economy, including support for availability of funding to SMS and micro-entrepreneurs**, by Micro-lending Programme;
3. **Human Security, including support to youth activities on strengthening its skills and qualitative leisure time**, by Youth initiatives project and NGO Fund;
4. **Growth for Regions, including nature sustainable government and fostering business activities in regions**, by Sarkandaugava project and Micro-lending programme.

¹⁸ National Development Plan of Latvia for 2014-2020

All projects fully comply with the priorities set in the NDP and are oriented on promotion of reduction of economic and social disparities between the Latvia and the most progressive countries within the enlarged EU and between dynamic centres of cities and structurally weak regions of periphery.

Considering the size of the Swiss Programme to Latvia as well as the areas of support the impact to the Latvian economy would be difficult to measure, nevertheless the contribution of the Swiss Programme is of great value both in financial (investment) terms in targeted areas as well as providing intangible value – added as mutual knowledge spill-overs and strengthened bilateral relations in various sectors. The Swiss Programme's financed projects are important for development of a cohesive society in Latvia and to promote reduction of economic and social disparities. Each project contributes to achievement of the overall objectives of the Swiss Programme in its own focused and complimentary way.

2.3. Swiss programme's overall and specific objectives

The following projects, which have been implemented during reporting period, have contributed to the achievement of overall objectives and specific objectives of Swiss programme.

Overall objective – *to contribute to the reduction of economic and social disparities between Latvia and the more advanced countries of the enlarged EU:*

It is very important to continue developing and strengthening the potential of Latvian higher education institutions and research organizations, although the funds invested in education have no immediate return and it is impossible to measure the results in a short period of time. The **Scholarship fund** has ensured an enhanced access to a high-quality research and has provided a substantial support for the realization of scientific ideas. Career prospects of the Latvian researchers have been reinforced and integration of Latvian institutions into common European research and education area facilitated. The **Swiss researchers' project's** mobility activities have contributed to the transfer of an internationally recognized Swiss *know-how* to the Latvian higher education institutions. It has encouraged the Latvian higher education institutions to take initiatives to establish new partnerships with Switzerland for a targeted higher education, research and development as well as enhanced sustainability of the existing collaboration. Beneficiaries consider that the project activities raise capacity of their institutions, lay foundation for improvement of study programmes, promote exchanges, and, in particular, increase the students' professional competence and employability. Already established partnerships between higher education and research institutions in Latvia and Switzerland, show that there is a good potential for further cooperation, thus contributing to the reduction of economic and social disparities between Latvia and EU.

Micro lending programme facilitated the growth of micro businesses and economic activity in all regions of Latvia by securing access to micro loans for 1079 micro enterprises and self-employed persons (individuals – economic operators) thereby employment has grown (already 2577 jobs are in place) and living standards of Latvian population have raised.

Youth initiatives project by organizing trainings and establishing youth centres motivates youth to take part in social or political activities, provides opportunities to spend their free time valuably in healthy, open and supporting environment where young people can socialize and gain new knowledge, thus becoming active citizens and increasing level of youth participation and initiative in the life of local communities and beyond. Establishment of youth initiative centres in peripheral or disadvantaged regions have created modern and youth friendly places that are based on the Latvian young people needs, interests and EU best practices, methods in the youth field.

As **Sarkandaugava** territory is one of the most historically polluted areas in Latvia, the project will improve soil, ground, underground and surface water quality in the area by stopping oil product pollution inflow into Sarkandaugava channel and further into the Daugava River and the Baltic Sea, thus protecting people from hazardous pollution and restoring clean living environment in Riga, especially in Sarkandaugava area, and in the meantime having impact on competitiveness of Riga as the centre of the Baltic Sea region.

The objective of the **World Bank** 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 report-

ing policymaking field and legislation, 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 investors' confidence, resulting in a business environment conducive to sustained economic growth, and growing economy less prone to financial system's crisis.

Overall objective – *to contribute within Latvia to the reduction of economic and social disparities between the dynamic urban centres and the structurally weak peripheral regions:*

As sub-projects within the **Swiss researchers' activities** have also been implemented at the regional higher education institutions, unambiguously it is a significant investment to increase the access to high quality education in peripheral regions and foster regional development. In addition, the doctoral candidates from regional universities have also been supported through the **Scholarship Fund**. As education is one of the key elements of national development, Swiss contribution helps strengthening the educational system in Latvia and reducing economic and social disparities between the dynamic urban centres and the structurally weak peripheral regions in Latvia.

The **Micro lending programme** shows a stable and well balanced demand for micro-loans in all regions of Latvia, including peripheral and less developed territories.

Since the youth living outside the biggest cities has fewer opportunities to spend their leisure time valuably, the **Youth initiatives project** provides attractive environment for living, work and recreation in the regions of Latvia. Taking into consideration that the main reasons causing unemployment among the Latvian youth are lack of education, skills and motivation, the project activities ensure supportive environment to the young people. Establishment of youth initiative centres in peripheral or disadvantaged regions have helped to create very important platforms for young people in regions, where numerous activities are organized, where young people can raise their awareness, skills and competences needed for their full-fledged transfer from school to work through non-formal and informal activities. Thus by renovating and ensuring necessary equipment in youth initiative centres basic infrastructure in regions is enhanced, creating pleasant environment for attracting youth to stay in regions. Trainings and events for youth and for persons involved in youth work motivate the social activity of young people, contribute to their participation and culture, and encourage the sharing of best practices of non-formal methods for persons involved in the youth. These events and trainings have been organized concentrating on the region's characteristics and actual needs.

The **Fire safety project** and the **School busses project** contributes towards improving quality of living and educational environment in the disadvantaged regions of Latvia. Indirectly providing support to the families with children, it ensures favourable conditions for local inhabitants to keep unchanged the residence therefore providing pre-conditions for reduction of economic and social disparities within Latvia, as well as to promote balanced and sustainable development of Latvia.

Specific objectives:

- 1) *Promoted economic growth and enhanced employment conditions*

During the reporting period the potential of Latvian higher education institutions has been strengthened – 65 **Swiss researchers** have visited Latvia for lecturing, 26 fellowships within

the **Scholarship fund** were approved. By implementing these subprojects students and academic staff in Universities have had an opportunity to gain new information, to work in international environment and teams, to exchange experiences, to establish sustainable partnerships between higher education and research institutions in Latvia and Switzerland.

Micro lending programme has promoted economic growth through financial resources with lighter conditions for micro enterprises as well as to enhanced creation of job places thereby facilitating the growth of economic activity and the rise of living standards of Latvian population.

By organization of trainings and seminars within the **Youth initiatives project** equal rights are 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 ensures planned and practical set of activities for young people, thus increasing number of young people participating in organized youth activities. According to the survey carried out by MoES in 2013 about youth in Latvia 2009-2013, percentage of youth who are rather passive to get involved in different activities has decreased from 34 % in 2009 to 26 % in 2013. Over the past five years, the proportion of young people who rated that they have various options to spend their free time valuably has increased by 3% (from 65% to 68%).

The **World Bank project** enhances 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 enhances 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 project supports Latvia as it undertakes measures to put in place sustainable regulatory and institutional frameworks that implement the financial reporting requirements of the *acquis communautaire* and provide for their monitoring and enforcement in practice. The project provides the necessary education to those individuals responsible for such tasks. During the reporting period the World Bank project contributed to this overall objective through IFRS and ISA training courses, IFRS conferences and workshop as well as through study visits to the bodies responsible for public oversight of auditors in UK and Germany.

2) *Preserved environment*

Within the **Sarkandaugava project** restored and improved environmental quality in the territory will be ensured by stopping floating oil product pollution of 1400 tonnes inflow into Sarkandaugava channel and further into the Daugava river and the Baltic Sea, thereby providing compliance with the EC's directive requirements about water pollution prevention in ~8 ha. Danger to human health will be eliminated by improving public bathing water quality in Bolderāja area (part of Riga) for approximately 10 thousand people. Influence of polluted area to NATURE 2000 protected territories will be reduced by improving environment condition in Coastal Country Park territories. Till the end of January 2015 315 tonnes of oil products, floating above the ground waters, were pumped out and injection of surface-active substances in the drills has started.

3) *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. Organized events in established youth initiative centres and trainings held within the **Youth initiative project** encourage young people to participate in various activities in their leisure time thus developing different skills which can be useful in the job market, building a family and becoming an active members of the society. As well as the project has improved and enhanced social networking and solidarity in the youth field between the young people and youth workers. Events for youth and trainings for youth workers are playing an important role in strengthening the union in the youth field both in local municipalities and at national level. These events have created a platform for fruitful discussions between young people, decision and policy makers about issues for improvement of young people` social security, employment and environment conditions.

4) *Enhanced security and safety*

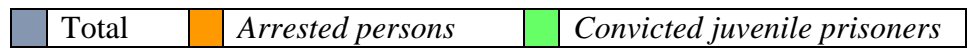
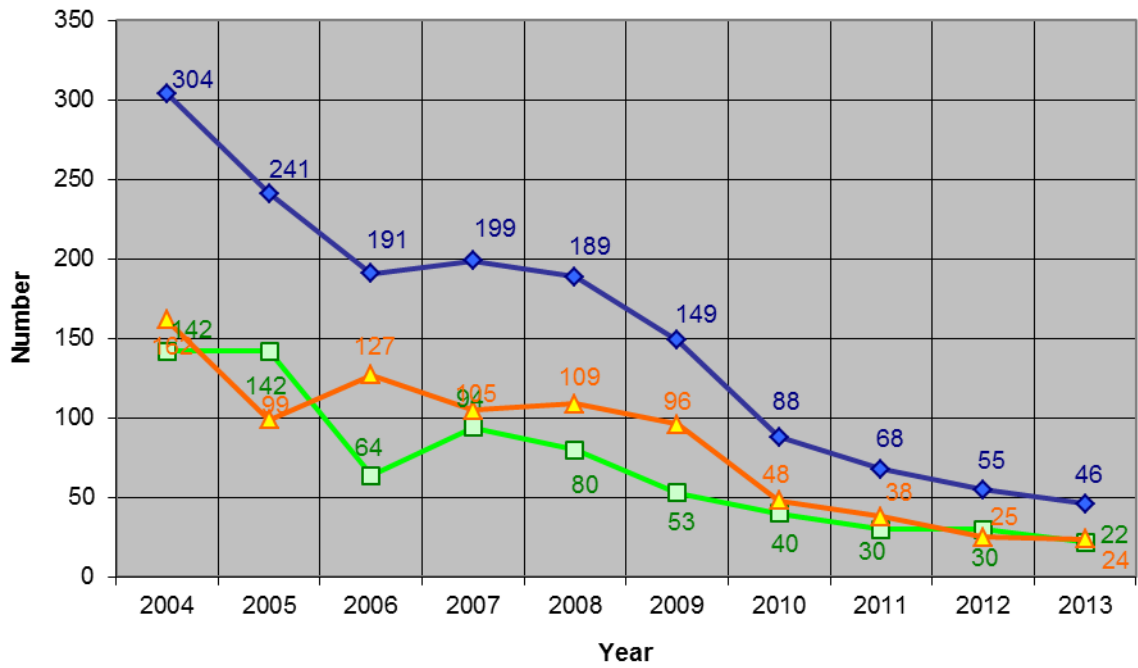
During monitoring of the **School busses project`s** sustainability in 2014 the local governments confirmed that buses are used for school children transportation thus increasing safety of school children on roads. As optimization process of educational institutions in local governments continues, buses for transportation of school children are essential in rural areas. Due to closing of educational institutions also workload for buses has increased. For local governments with developed transportation infrastructure, long-term exploitation of buses is more efficient and requires smaller investments, whereas for local governments in rural areas with poorly developed transportation infrastructure buses require more frequent repairs, which increases costs of local governments for transportation of school children.

The **Fire safety project** enhanced security and ensured a safe environment for at least 6000 pre-school and school children in all territory of Latvia except the cities. The Web game will be a long-term investment in children`s education; thereby ensuring that the number of fire incidents in schools and counties shall decrease. Local governments express interest to continue implementation of fire safety activities also for other educational institutions.

One of the main problems among youth is systematic and arbitral wandering around, so they could be easily assigned to an offense and become a criminal offense victim. Thus it is important to ensure places – centres – where qualitative educational and leisure activities can be provided, in order to involve 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. By establishment of 22 **youth initiative centres** in peripheral or disadvantaged regions a healthy, open and supporting environment for young people is/will be created, thus developing and enlarging network of places where young people can spend their leisure time usefully in regions of Latvia leading to reduction of youth crime, substance misuse and other deviant behaviour. The project`s activities have enhanced security and safety in terms of criminality prevention since employment opportunities and social activity of young people have been enhanced. As it was mentioned in project`s justification – in Latvia in 2009, 53 minors were in prison as arrested persons, but 96 minors were convicted juvenile prisoners¹⁹. In the In the Public Report 2013 it is stated that by the end of 2013, 24 minors were in prison as arrested persons, but 22 minors were convicted juvenile prisoners. This data show that the number of youth who commit crime, substance misuse and other deviant behaviour has decreased compared to the previous years.

¹⁹ Public Report 2009 of the Latvian Prison Administration

Chart 21 “Total number of juvenile prisoners (minors) on 31 December 2013”



3. 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.

On 5 November 2014 the NCU took part in the international conference “Support for the youth work development in Latvia and Europe” organised within the Youth initiatives project in Jurmala in order to acquire practical insight into implementation of projects.



International conference “Support for the youth work development in Latvia and Europe”²⁰

Most attractive example of publicity activities undertaken during the reporting period was within the Micro-lending programme. The event of the 1000th beneficiary was organised in which the receiver of the 1000th Swiss programme’s micro loan was greeted. The kindergarten “Poga” in Riga received the loan for kitchen’s furnishing. The kindergarten decided to resign from the outsourcing of catering services and to create own kitchen thus improving food quality for children. The newly installed kitchen allows meals to be freshly prepared for 95 children every day.

²⁰ Sources:

https://plus.google.com/photos/+LatvijasJaunatnespadomeLJP/albums/6084106702581689473?authkey=CLSXre_x7Kvj6QE



The Swiss ambassador (left) and the chairman of the board of ALTUM cutting the red ribbon to inaugurate the new kitchen on 16 October 2014.²¹ © SECO

In October 2014 SES submitted the Sarkandaugava project for the Energy Globe Award 2015. The goal is to present successful sustainable projects to a broad audience. Each year projects submitted from over 160 countries take part in this event. Projects compete for the National Energy Globe Award and International Energy Globe Award. The results will be known in April 2015.

Detailed overview about publicity measures and information activities carried out at the project level during the reporting period is provided in the Annex 4 of this report.

During the Swiss Programme's media monitoring procured by NCU in total 102 publications/broadcasts in the Latvian press, radio, TV and Internet were gathered in 2014. This was the 1st year of media monitoring and it is planned to be continued also in 2015 and 2016. There were in average 8-9 publications monthly. High publicity was observed in the 1st quarter of 2014 when media reflected such activities as completed fire system installation works in schools, opening of the youth centre in Livani, organization of trainings for youth and completion of the Modernization of courts project.

²¹ Source:

<https://www.erweiterungsbeitrag.admin.ch/erweiterungsbeitrag/en/home/news/press.html/content/erweiterungsbeitrag/en/meta/news/2014/november/20/mikrokredite>

Chart 22 “Number of publications/broadcast by months in 2014”

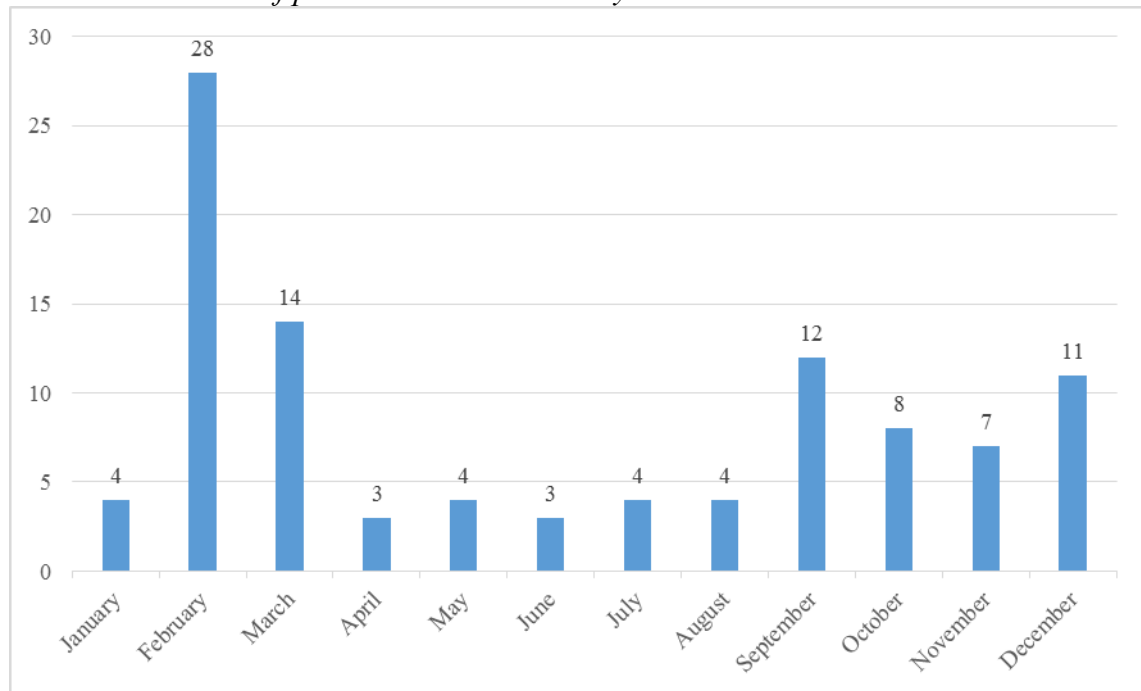
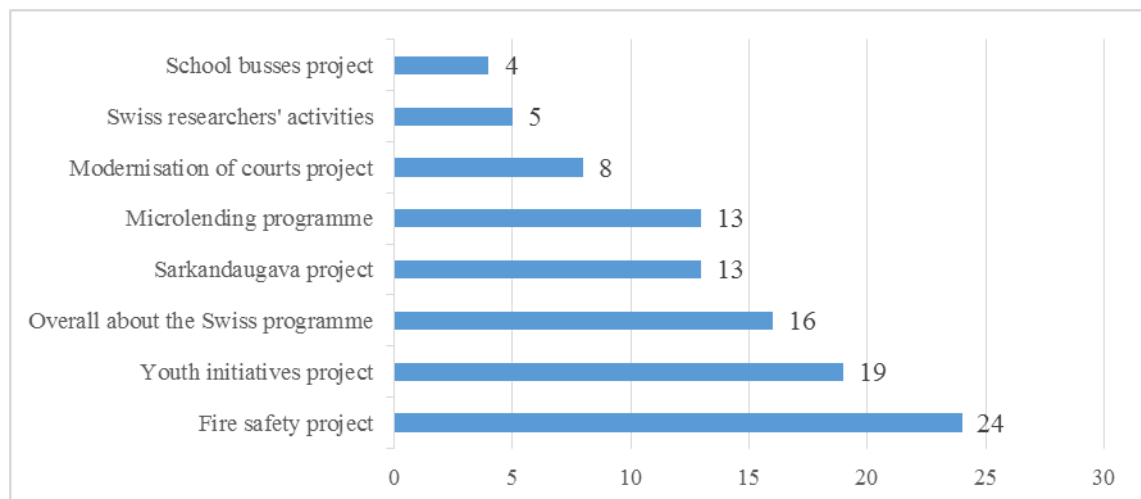
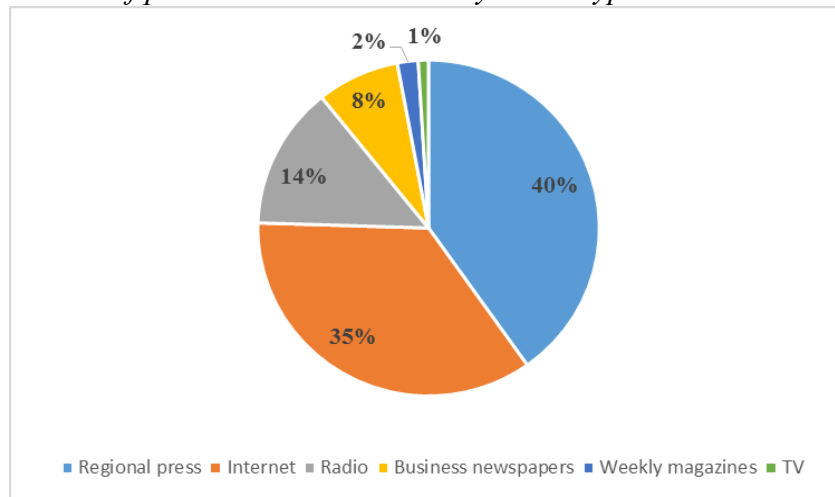


Chart 23 “Number of publications/broadcasts by projects in 2014”



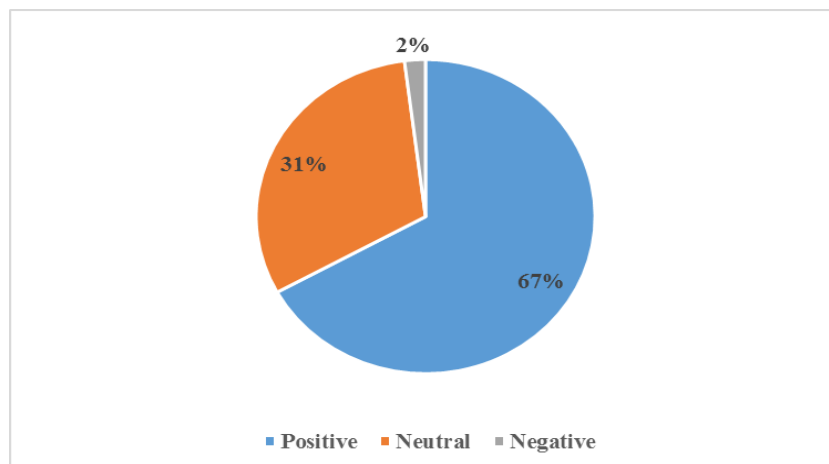
Mainly publications cover regional press what shows that projects' activities are more targeted to regions as well as information is closer to the target audience. Information about the Modernisation of courts project, the Sarkandaugava project, opening of the youth centre in Livani and fire system installation in the boarding-school in Venstpils was broadcasted in the largest national radio stations (LR1, LR2, SWH) as well as opening of the youth centre in Livani was showed in the TV news.

Chart 24 “Number of publications/broadcasts by media type in 2014”



Publications were mainly with positive and neutral tone. Only 2 negative articles were recognised. These were about the technical problems of school busses.

Chart 25 “Publications/broadcasts by tone (%) in 2014”



Swissness

Priority sector - Human and Social Development

Delegation of representatives from NCU, MoES, Employers' Confederation of Latvia, Investment and Development Agency of Latvia, employers' professional associations, business and professional education institutions participated in the International Congress on Vocational and Professional Education and Training Skills for the Future (15 – 18 September 2014 in Winterthur, Switzerland).

During the congress the Memorandum of Cooperation in Vocational Education and Training between MoES and the Swiss State Secretariat for Education, Research and Innovation was signed. The Memorandum is intended to promote the exchange of experience and cooperation of policy-makers and vocational training institutions and organizations, companies and other partners. Thus, intended to raise the prestige of Latvian

professional education and development of professional trainings based on work environment, using each country's and international financial resources.



*At the congress*²²

Scholarship fund

Support from CRUS was provided at every stage of the implementation of the fund – evaluation, statistics, finances, everyday communication during project evaluation process. SEDA participated in the 4th Sciex Fellows' Event and the training seminar organized on 17 and 18 November 2014 by CRUS in Switzerland.

Swiss researchers' activities

During reporting period 66 Swiss researchers' successful visits took place, positive feedback was received both from hosting institutions and from Swiss researchers, thereby also bilateral relationships were enhanced. As well as EA established contacts with CRUS Regional Offices in order to distribute information about the activity in Swiss universities and scientific institutions.

Priority sector - Security, stability and support for reforms

Youth initiatives project

During the reporting period EA in cooperation with representatives from SCO participated in opening of multifunctional youth initiative centre in Līvani in order to emphasize the role played by the Swiss Contribution.

The International Conference Support for the Youth Work Development in Latvia and Europe which took place on 5 November 2014 in Jurmala was opened by Ms. Dominique Petter, the Deputy Head of Mission. The conference speakers Ms. Vera Strickler, the trainee from the Embassy, and Ms. Nicole Cornu, the expert from the National Youth council of Switzerland, presented national youth policy in Switzerland and

²² Source: <http://vpet-congress.ch/?q=en/download#photogallery>

NGO's role in youth work development as well as participated in work groups and discussions thus Swiss experience in youth field was delivered. For detailed information about the conference please see on page 12, the 1st paragraph.

Fire safety project

An experience exchange visit was organized to Lausanne in Switzerland in October 2014. It was attended by the line ministry and EA. The main purpose of the visit was to find out ECA activities of raising public awareness of fire safety issues, experience and training for fire safety matters, including e-learning. For detailed information about the visit please see on page 14, the 2nd paragraph.

Priority sector - Environment and infrastructure

Sarkandaugava project

On 28 October 2014 the delegation of Switzerland's parliament's deputies visited Sarkandaugava project at the implementation site.



At the visit

On 11 and 12 November 2014 Swiss experts (CSD Ingenieurs) visited project site and during the meeting with SES discussed the first results of the pilot project in Site III. Valuable recommendations from the Swiss experts toward improvements in remediation works were provided.

4. Summary of audits

In 2014 one system audit and one project external financial audit were carried out according to the audit plan presented in the previous Annual Report. Please find information about them in the table below:

Table 8 “Performed system audits in 2014”

Audit title	Audit institution	Audit time	Audited entity(ies)
System audit			
System audit of the Swiss researchers’ activities	Internal audit of SEDA	October-December	SEDA
External financial audits			
Intermediary financial audit of the Sarkandaugava project	External audit organization – “KPMG Baltics” Ltd.	October – December <i>Report planned to be submitted to SCO in the 2nd quarter of 2015</i>	SES
Final financial audit of the Modernization of courts project	External audit organization – “Rödl & Partner” Ltd.	January <i>Report submitted to SCO on 2 December 2014</i>	CA
On the spot checks			
Modernisation of courts project	CFCA	December	CA
Sarkandaugava project			SES; Territory of „Woodison terminal” Ltd., „Eko Osta” Ltd. un „Ovi” Ltd..
Fire safety project			SRDA; the boarding school and the kindergarten “Taurenitis” in Tukums

The main conclusions and progress achieved in implementation of audits’ recommendations is presented in the Annex 5 of this report.

NCU participated in three monitoring visits organised by SCO:

1. On 24 November 2014 to three youth centres – Talsi, Kandava and Āne. CFCA also took part in this visit.
2. On 15 January 2015 to Eleja youth centre.
3. On 16 February 2015 to Madona and Aizkraukle dictrict court.

NCU obtained assurance that respective youth centres are functioning and youth attending them as well as videoconference and audio recording equipment is being used in respective courts. The Swiss Programme’s publicity requirements were observed at all visited places.

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 2015. Please see in the table below. The Control and Audit Plan for the year 2016 will be known in the end of January 2016.

Table 9 “Audit plan for the year 2015”

The Auditor	Time of audit	Title of the project
System audits		
MoF	IV quarter 2015 – I quarter 2016	Internal audit of the Swiss programme in MoF and CFCA
MoEPRD	February – May	Sarkandaugava project
External final financial audit		
Audit organization will be chosen within procurement	April	Micro lending programme
	September	Swiss researchers’ activities
	November	Fire safety project
On the spot checks		
CFCA	II quarter	Fire safety project
	II quarter	Youth initiatives project
	III quarter	Sarkandaugava project

5. Post completion

School busses project

The project results shall be operational at least 6 years after project completion (till February 2017). Post-completion obligation is observed by the EA through:

- review of yearly reports about operation of school busses submitted by the municipalities;
- performance of post-completion visits to municipalities.

Whereas the line ministry through reviews yearly report about operation of school busses submitted by the EA.

During the reporting period the number of post-completion visits increased. According to the plan the EA performed 16 visits to local governments in all regions to check exploitation of 26 buses. The visits were carried out in 3 local governments together with the representative from the SCO.

In 2014 all 59 local governments had submitted report on exploitation of buses for the year 2013. Post completion monitoring revealed that the buses are used according to the project's objective – to provide transportation of school children to and back from school. Part of local governments still use buses besides the primary project objective also for different learning activities outside schools and/or for performance of local government's functions.

Modernization of courts project

The project results shall be operational at least 5 years after project completion (till December 2018). Post-completion obligation will be observed by the EA through:

- Project Sustainability Group which will be responsible for maintenance of the project's sustainability plan and adoption of necessary decisions on ensuring the sustainability of the project. Meetings will be held at least biannually till December 2018. The group will be responsible for decisions related to changes in the list of the project partners, examining monitoring results and decisions on cross-border co-operation issues, etc.;
- Strategic Planning Group meetings which are held at least annually till December 2018. During 2014 verifications were made during the annual stocktaking according to the internal procedures of the EA

Trend for using videoconferences and sound recording equipment is growing (please see two charts below). The use of audio recording equipment is mandatory in civil cases starting from January 2014.

Chart 26 "Use of videoconference by months"

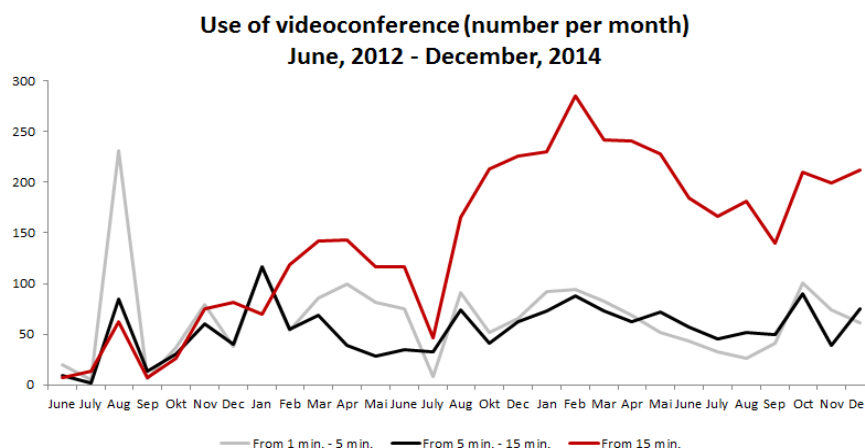
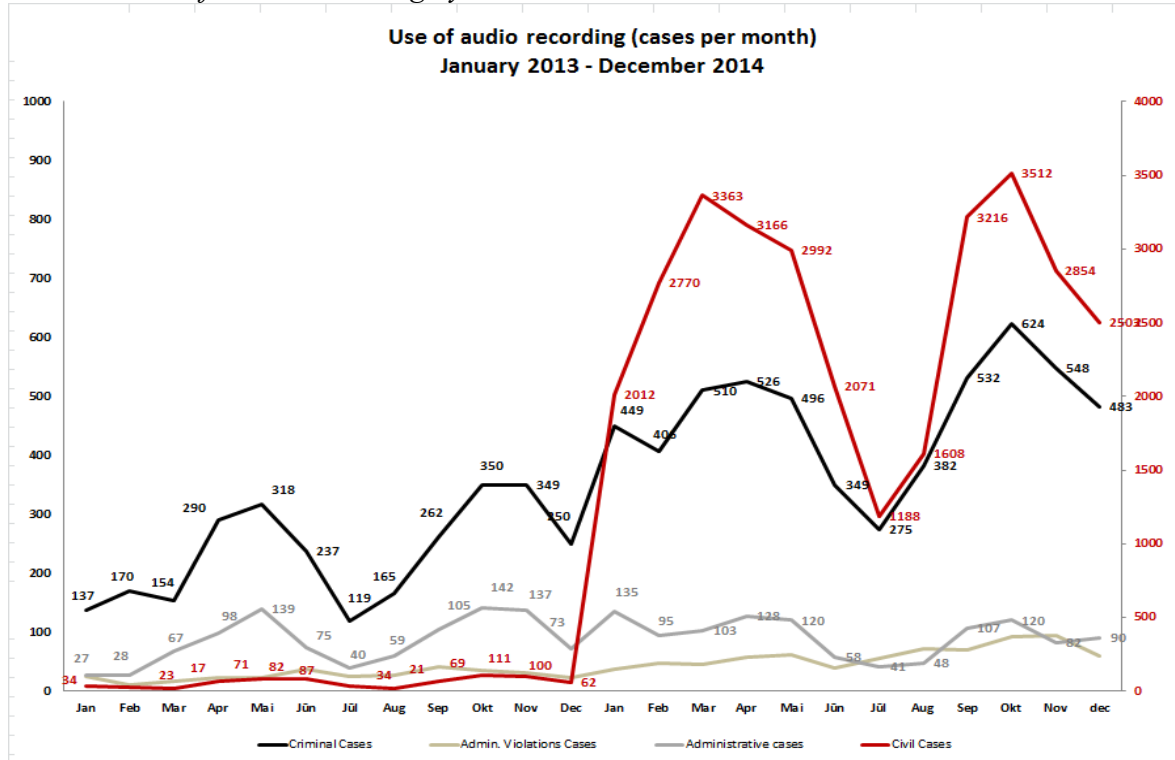


Chart 27 "Use of audio recording by months"



6. Report of the action plan For the current reporting period

Table 10 “The action plan April 2014 - March 2015”

Project	Tasks	Time (set in the previous Annual Report)	Deviations and explanations
World Bank project	(one) seminar on comprehensive IFRS	II quarter 2014	No deviations
	(two) seminars on foundation IFRS	III – IV quarter 2014	No deviations (III quarter 2014)
	(one) seminar for trainers on comprehensive IFRS	IV quarter 2014	No deviations
	(one) Public Sector Audit seminar	II quarter 2014	IV quarter 2014
	(two) one day seminars on ISA updates	II quarter 2014	III quarter 2014
	A&A ROSC report delivered	IV quarter 2014	I quarter 2015 <i>Draft ROSC report was submitted by the CFRR to the EA for comments in December 2014. The final version submitted in April 2015.</i>
	Revision of the Latvian translation of all endorsed IAS/IFRS and related Interpretations delivered (procurement process)	I quarter 2015	No deviations <i>Procurement planned to be announced in March 2015.</i>
Scholarship fund	Evaluation of received applications within the 6 th (the last) open call	II – III quarter 2014	No deviations
	Implementation of projects from the 4 th to 6 th open calls	II quarter 2014 – I quarter 2015	No deviations
Sarkandaugava project	Contract signed for remediation works in Site III	II quarter 2014	No deviations
	External intermediary financial audit	III quarter 2014	IV quarter 2014 <i>The 1st procurement procedure ended without results therefore it was re-launched. 4 offers were received – 2 did not meet necessary requirements according to the procurement documentation, the rest - were more expensive. Taking into account that one of tenderer, which did not meet formal requirements, planned to apply to the court in</i>

			<i>order to change the decision, the SES decided to end the procurement procedure with no results and to start new procedure.</i>
Swiss researchers' activities	4 th open call (remains open until all available grant will be contracted)	II quarter 2014 – I quarter 2015	No deviations
	Submission of Amendments in PA in order to prolong activity for more than 1 year – till 31 December 2016	IV quarter 2014 – I quarter 2015	N/A <i>Amendments in PA were submitted to the SCO on 10 July 2014 about re-allocation of funds from the Swiss researchers' activities to the Scholarship fund, amendments in order to prolong the project were not initiated as they were found out unnecessary.</i>
	Informative seminars/consultation days for potential applicants	II quarter 2014, III – IV quarter 2014	<i>Informative seminars/consultation days were not organised by EA as in previous organised seminars attendance was very low. Instead of seminars EA provided information for potential applicants via emails and individual consultations.</i>
Youth initiatives projects	Opening of additional (18 th) multifunctional youth initiative centre in Jaunjelgava district	III quarter 2014	IV quarter 2015 <i>Prolongation due to postponing of deadline of reconstruction works.</i>
	Trainings for youth and for persons working with youth in all planning regions of Latvia	II quarter 2014 – I quarter 2015	No deviations
	Regional forum for youth and for persons working with youth in Vidzeme Planning region	II quarter 2014	No deviations
	Regional conference for youth and for persons working with youth in Latgale Planning region	III quarter 2014	No deviations
	International conference in Riga Planning region	IV quarter 2014	No deviations
Micro lending programme	Allocation of microloans from repayments (indicatively 15 to 20 new micro-loans each month)	II quarter 2014 – I quarter 2015	No deviations
	Disbursement of previously allocated grants (at least 20 grants each month)	II quarter 2014 – I quarter 2015	No deviations
Fire safety project	Submission of Amendments in PA in order to prolong project implementation period until 28 February 2015	II quarter 2014	No deviations
	Creation of the WEB game for children about fire safety issues	II – IV quarter 2014	I quarter 2015 <i>Development of the web game took more time as previously planned as well as the quality of the game shall be tested in a focus group.</i>

	An information campaign in social media on fire safety issues and social web game content	IV quarter 2014 – I quarter 2015	I – II quarter 2015 <i>Information campaign will take place after development of the web game.</i>
TAF	Production of audio visual material about Swiss contribution	II – III quarter 2014	I quarter 2015 <i>Prolonged till 31 March 2015 as more time for the SCO was necessary to finalize production of video portraits.</i>
	Media monitoring	II – IV quarter 2014	No deviations

For the next reporting period

Table 11 “The action plan April 2015 – March 2016”

Project	Tasks	2015												2016			
		Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar			
Youth initiatives project	29 trainings and seminars for youth and for persons involved in youth work organised	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
	On the spot checks in opened youth centres carried out by EA	X															
	Opening of youth centres in Jaunjelgava, Iecava, Riebini, Aizpute and Rezekne Municipalities	X			X		X										
	Regional conference in Kurzeme Planning region organised			X													
	Evaluation seminar for trainers and regional coordinators in order to evaluate organization and quality of trainings held in 2015 organised										X						
	Regional forum in Riga Planning region organised								X								
	Seminar for new trainers and regional coordinators about trainings and events for youth and persons involved in youth work in year 2016														X		
Fire safety project	Creation of the web game for children about fire safety issues	X															
	Videos on a bases of the web game four environments: street, courtyard, school, house developed and published on the Internet		X														
	Design and production of informative brochure with the web games methodological material		X	X													
	Post-completion visits about operation of school buses and fire protection systems carried out by EA	X	X	X													
	Closing seminar for the representatives of local governments, education institutions and project partner organized in order to inform about achieved results and to present the WEB game			X													
	Research about projects results carried out									X							
	Final financial audit carried out									X							

Annex 1 “Distribution of youth centres by regions”



Annex 2 „List of projects approved in the 6th open call within the Scholarship Fund”

No	Applicant	Project	Project field	Institution in Latvia	Hosting Institution	Visit/research term (months)	Total eligible costs, CHF
1.	Kārlis Kukelmilks	Spatio-temporal controls of hydrogeological mechanisms causing landslides (STeCoLa)	Earth Sciences	University of Latvia	University Neuchatel	12	63 500
2.	Dmitrijs Konavko	PearL: Diversity and host range of Pseudomonas syringae in fruit tree species in Latvia	Environmental Sciences	University of Agriculture	ZHAW - Zurich University of applied sciences	13	64 725
3.	Karīna Oborūne	Becoming more European or European after ERASMUS	Legal and Social Sciences, Economics	University of Latvia	University of Lucerne	12	60 500
4.	Andrejs Snegirjovs	CoCoSol – Cooling Concept with Solar PV-Electric	Engineering Sciences	Riga Technical University	HSR - University of applied sciences Rapperswil	12	59 500
5.	Jeļena Vasiļevska	ABC – therapy/Development of a novel alphavirus – based gene therapy for the treatment of PTEN deficient tumors	Basic Biological Research	Biomedical Research and Study Centre	IOR Institute of Oncology research - Fondazione Linfomi	12	59 500
6.	Gunta Čekstere	Compartmentation of de-icing salts and structural reactions to salt accumulation in foliage of declining street trees (Tilia x vulgaris) from Riga, Latvia (Sal-Ti)	Environmental Sciences	Institute of Biology, University of Latvia	Swiss Federal Institute for forest, snow and landscape research WSL	12	92 900
7.	Kristaps Rubenis	ETePoTiM-Enhanced thermoelectric performance of TiO ₂ based materials	Chemistry	Riga Technical University	EMPA - a Research Institute of the ETH Domain	6	30 750
8.	Leila Neimane	Effectiveness of Environmental Impact Assessment in the Baltic States and Switzerland	Legal and Social Sciences, Economics	University of Latvia	University of Basel	12	59 500
							490 875

Annex 3 “List of projects approved in the 4th open calls within the Swiss researchers` activities”

No.	Applicant	Project	Project field	Sending institution	Visit term	Swiss grant, CHF	Total eligible costs, CHF
1	Daugavpils University	Language, music and development	Pedagogy	University of Zurich	31.08.2014.- 06.09.2014.	1 875	1 875
2	Jāzeps Vītols Latvian Academy of Music	Awareness of correct stylistic approach to the music of different periods in oboe performance	Musicology	Zurcher Hochschule der Kunst	11.05.2014.- 16.05.2014.	1 690	1 690
3	Liepaja University	Cooperation between the Swiss Academies of Arts and Sciences and Liepaja University to promote the studies of mathematics and natural sciences in Latvia	Pedagogy, mathematics, biology, IT, physics	University of Geneva	01.05.2014.- 31.05.2014.	1 505	1 505
4	Jāzeps Vītols Latvian Academy of Music	Leila Schayegh un Baltic Baroque on the Riga Festival of Historical Music and Dance	Musicology	Musik Academy Basel	02.09.2014.- 08.09.2014.	1 875	1 875
5	Latvia University of Agriculture	Equine surgery (Anaesthetics)	Veterinary Medicine	University of Bern	04.05.2014.- 10.05.2014.	1 876	1 876
6	Latvia University of Agriculture	Small animal diagnostic imaging	Veterinary Medicine	University of Bern	18.05.2014.- 23.05.2014.	1 810	1 810
7	Latvia University of Agriculture	Equine surgery	Veterinary Medicine	University of Bern	04.05.2014.- 10.05.2014.	1 875	1 875

8	Latvia University of Agriculture	Veterinary Ophthalmology	Veterinary Medicine	University of Bern	18.05.2014.- 23.05.2014.	2365	2365
9	BA School of Business and Finance	Microeconomics, Macroeconomics, Business Simulation Model	Management and business	SBS Swiss Business School	04.2014.	1690	1690
10	Jāzeps Vītols Latvian Academy of Music	Working with the wind instrument ensembles, theory and methodological practice	Musicology	Musik - Academie Basel	09.02.2015.- 15.02.2015.	1875	1875
11	Jāzeps Vītols Latvian Academy of Music	Olivier Theurillat in the Riga International trumpets days	Musicology	Haute Ecole de Musique de Lausanne	21.09.2014.- 25.09.2014.	1505	1505
12	Latvia University of Agriculture	Herd health monitoring	Veterinary Medicine	University of Bern	15.09.2014.- 21.09.2014.	1875	1875
13	Turiba University	Tourism and Destination Marketing	Management and business	Lucerne University of Applied Sciences and Arts	02.2015.	1875	1875
14	Jāzeps Vītols Latvian Academy of Music	Fabio Di Casola in the second International Symposium Woodwind Riga	Musicology	Zurich University of the Arts (ZHdK)	07.10.2014.- 12.10.2014.	1690	1690
15	Jāzeps Vītols Latvian Academy of Music	Vivaldissimo	Musicology	University of Geneva	02.02.2015.- 08.02.2015.	1875	1875
16	Jāzeps Vītols Latvian Academy of Music	French horn ensembles: repertoire, methodology, breathing technique, performance practice	Musicology	HocsscholeLuzern Musik	6.12.2014.- 10.12.2014.	1505	1505
17	Jāzeps Vītols Latvian Academy of Music	Technical requirements in flute performance	Musicology	Musik - Academie Basel	16.12.2014.- 20.12.2014.	1505	1505
18	Latvia University of Agriculture	Business Management and Human Resources	Management and business	Les Roches International School of Hotel Management	03.10.2014.- 11.10.2014.	2245	2245
19	Latvia University of Agriculture	Revenue management	Management and business	Les Roches International School of Hotel Management	03.10.2014.- 11.10.2014.	2245	2245

20	BA School of Business and Finance	Start-ups	Management business and	Swiss Business School	15.10.2014.- 15.11.2014.	3170	3170
21	BA School of Business and Finance	International financial institutions and markets	Management business and	Swiss Business School	02.2015.	1690	1690
22	BA School of Business and Finance	International Financial Management	Management business and	Swiss Business School	12.2014.	1690	1690
23	BA School of Business and Finance	Communication skills in business	Management business and	Swiss Business School	11.2014.	1690	1690
24	BA School of Business and Finance	Future financial transactions and options	Management business and	Swiss Business School	05.-06.2015.	1690	1690
25	BA School of Business and Finance	Securities Investment Analysis	Management business and	Swiss Business School	03.2015.	1690	1690
26	BA School of Business and Finance	Project management	Management business and	Swiss Business School	12.2014.	2060	2060
27	BA School of Business and Finance	Microeconomics, Macroeconomics, Business Simulation Model	Management business and	Swiss Business School	05.2015.	1875	1875
28	BA School of Business and Finance	Microeconomics, Macroeconomics, Business Simulation Model	Management business and	Swiss Business School	05.2015.	5020	5020
29	BA School of Business and Finance	Organisational Management	Management business and	Swiss Business School	12.2014.	2060	2060
30	BA School of Business and Finance	Sales and Intercultural Communication	Management business and	Swiss Business School	10.2014.	2060	2060
31	BA School of Business and Finance	Corporative management of finance I	Management business and	Swiss Business School	04.2015.	2060	2060

32	BA School of Business and Finance	Corporative management of finance II	Management and business	Swiss Business School	02.2015.	1875	1875
33	BA School of Business and Finance	International finance	Management and business	Swiss Business School	05.2015.	2245	2245
34	BA School of Business and Finance	Business Communications	Management and business	Swiss Business School	11.2014.	2245	2245
35	BA School of Business and Finance	Finance and Banking	Management and business	Swiss Business School	01.2015.	1875	1875
36	BA School of Business and Finance	Business and Finance	Management and business	Swiss Business School	01.2015.	2060	2060
37	Riga Technical University	Supply chain security	Public Management	Cross-border Research Association (CBRA)	12.2014.	1505	1505
38	University of Latvia	Tort Law in the European context	Jurisprudence	University of Geneva	03.2015.	1875	1875
39	Latvia University of Agriculture	Landscape between the past and the present: the Swiss experience in landscape architecture	Landscape architecture	Hepia, Haute école de paysage, ingegneria et architecture	02.2015.	1505	1505
40	Latvia University of Agriculture	Urban design	Landscape architecture	ETH Zurich	04.2015.	1505	1505
41	Riga International School of Economics and Business Administration	Monarch business School Switzerland Professor G.Keller cooperation with RISEBA University	Management and business	Monarch business School	05.2015.	3475	3475
42	Riga International School of Economics and Business Administration	Monarch business School Switzerland Professor L.Leigh cooperation with RISEBA University	Management and business	Monarch business School	05.2015.	3475	3475
43	Vidzeme University of Applied Sciences	The challenges of modern Eastern Europe - History of consistency (since the XIX century)	History	University of Geneva	April – June 2015	11680	11680

44	Latvia University of Agriculture	Geodesy study program's nature and future development	Geodesy	ETH Zurich	May – June 2015	2800	2800
45	Jāzeps Vītols Latvian Academy of Music	Guy Michel in the 6 th international Riga Brass Symposium	Musicology	Haute Ecole de Musique de Lausanne	13.04.2015.- 19.04.2015.	1875	1875
46	Daugavpils University	Musical development for 2-5 years old children	Pedagogy	University of Zurich	07.04.2015- 13.04.2015.	1875	1875

Annex 4 “Publicity measures and information activities within projects”

No.	Activity	Target and audience	Date and place	
Youth initiatives project				
1.	Information on EA’s web page www.jaunatne.gov.lv updated regularly	To inform general public, project target group and all interested bodies about the project activities	http://jaunatne.gov.lv/lv/sveices-programma/latvijas-sveices-sadarbibas-programma	
2.	Press releases about trainings for youth: <ul style="list-style-type: none"> • “Aim higher!” about personal development • on development of creative thinking and innovative ideas using different approaches and methods 	To inform young people in all planning regions about the training within the project and the role played by the Swiss Contribution	February – April, August – September, October – November 2014 in various regional and national web sites and social networks	
3.	Publications and press releases about seminars for persons involved in youth work: <ul style="list-style-type: none"> • "Coaching as an Approach in Youth Work" • on motivation and goal-setting in youth work "JUMP – on the Way to Pursuing Goals!" • on development of collaboration and experience exchange 	To inform persons involved in youth work in all planning regions about the training within the project and the role played by the Swiss Contribution	March – April, September 2014 in various regional and national web sites and social networks	
4.	Press release about the 3rd regional forum "Turn Vidzeme!"	To inform all interested parties about events within the project and the role played by the Swiss Contribution	April - May 2014 in various regional and national web sites and social networks	
5.	Video about the 3 rd regional forum "Turn Vidzeme!"		https://www.youtube.com/watch?v=PA9MVosqMyY&feature=youtu.be	
6.	Press release about the 3 rd regional conference "Turn Latgale!"		August 2014 in various regional and national web sites and social networks	
7.	Video about the 3 rd regional conference "Turn Latgale!"		https://www.youtube.com/watch?v=htZCgA_eqOY&feature=youtu.be	
8.	Press releases and publications about the international conference		October-November 2014 in various regional and national web sites and social networks	
9.	Videos about the international conference		https://www.youtube.com/watch?v=MAkyEDTjIJA&feature=youtu.be	
				https://www.youtube.com/watch?v=gd0nNzoETNw

10.	Online video translation of <ul style="list-style-type: none"> the 3rd regional forum "Turn Vidzeme!" the 3rd regional conference "Turn Latgale!" the international conference 		www.nvotv.lv
11.	Publication about training and events within the project in year 2014	To inform general public about establishment of youth centres and the role played by the Swiss Contribution.	December 2014 1. http://jaunatne.gov.lv/lv/raksti/latvijas-sveices-sadarbibas-programma-2014gada 2. Journal "Jaunatne" published quarterly by AIPY http://jaunatne.gov.lv/lv/jaunatne-darbiba/informativi-materiali-un-noderigas-saites-interneta/zurnals-jaunatne
12.	Seminar	To inform new trainers and regional coordinators about establishment of youth centres, trainings and events in year 2015 for youth and trainings for persons involved in youth work and the role played by the Swiss Contribution.	28.02.2015-01.03.2015.
World bank project			
1.	Information on EA's web page www.fm.gov.lv updated regularly	To inform general public and other interested bodies about the project	http://www.fm.gov.lv/lv/sadala/gramatvedibas_un_revizijas_poli-ka/projekts_tehniska_palidziba_finansu_parskatu_sagatavosana/
Scholarship fund			
1.	Information on SEDA's web page www.viaa.gov.lv updated regularly	To inform general public, potential applicants and other interested bodies about project activities, conditions, open calls, results	http://www.viaa.gov.lv/lat/starptvalstu_sadarbiiba/sveices_sadarbibas_programma/stipendiju_fonds/ www.sciex.lv
2.	Project experiences published	PhD students, post-docs	January 2015 http://www.viaa.gov.lv/lat/starptvalstu_sadarbiiba/sveices_sadarbibas_programma/sveice_pieredzes/pieredzes_stipendijas/
3.	Information on the results of the 5 th and 6 th open calls published	PhD students, post-docs	March 2014, September 2014 http://www.viaa.gov.lv/lat/starptvalstu_sadarbiiba/sveices_sadarbibas_programma/sveices_jaunumi/?text_id=24062

			http://www.viaa.gov.lv/lat/starptalstu_sadarbiiba/sveices_sadarbibas_programma/sveices_jaunumi/?text_id=24263
Swiss researchers' activities			
1.	Information on EA's web page www.viaa.gov.lv updated regularly	To inform general public, potential applicants and other interested bodies about project activities, conditions, results	http://www.viaa.gov.lv/lat/starptalstu_sadarbiiba/sveices_sadarbibas_programma/sveices_petnieki_latvija/
2.	Information on the 5 th open call via emails and on webpages	Higher education institutions, research institutions – potential sub-project applicants and sub-project partners	January, February 2015 http://www.viaa.gov.lv/lat/starptalstu_sadarbiiba/sveices_sadarbibas_programma/sveices_jaunumi/?text_id=24448 http://www.viaa.gov.lv/lat/starptalstu_sadarbiiba/sveices_sadarbibas_programma/sveices_jaunumi/?text_id=24534 http://izm.izm.gov.lv/aktualitates/jaunumi/12070.html http://www.swiss-contribution.lv/upload/sveices_petnieku_aktivitates_latvija_05_01_2015_.pdf
3.	Individual consultations carried out by SEDA about the project's possibilities	Higher education institutions, research institutions – potential sub-project applicants	April 2014 – January 2015
4.	Project experiences published		January 2015 http://www.viaa.gov.lv/lat/starptalstu_sadarbiiba/sveices_sadarbibas_programma/sveice_pieredzes/pieredze_sveices_petnieki/
Sarkandaugava project			
1.	Publications in EA's web page www.vvd.gov.lv	To inform general public and all interested bodies about the project – remediation works carried out at the polluted territory of Sarkandaugava and the role played by the Swiss Contribution	June, October 2014 http://www.vvd.gov.lv/jaunumi/2014/06/vvd-pilniba-noraida-un-aicina-atsaukt-sabiedribas-par-atklatibu-delna-?id=451 http://www.vvd.gov.lv/jaunumi/2014/10/valsts-vides-dienests-prezentes-sarkandaugavas-sanacijas-projektu-svei?id=484 http://www.vvd.gov.lv/jaunumi/2014/10/projekts-vesturiski-piesarnoto-vietu-sanacija-sarkandaugavas-teritorij?id=482
Micro lending programme			
1.	EA's web page www.altum.lv updated regularly	General public; applicants; potential applicants	http://www.hipo.lv/lv/attistibas_programmas/mikrokreditesanas_programma
2.	Event of the 1,000 th microcredit within the	General public	16.10.2014, Riga

	Programme		
3.	Press release and articles in the mass media regarding the 1,000th microcredit within the Programme		<p>17.10.2014 http://www.leta.lv/archive/search/?patern=Poga&item=FEA18BCC-9AA1-4582-B570-95CE5BD932EA&date=0,1413493200&mode=stem, http://www.db.lv/finanses/tukstosais-altum-sveices-mikrokreditesanas-programmas-klients-poga-sanem-10-tukstosu-eiro-aizdevumu-421847 http://www.hipo.lv/lv/par_banku/jaunumi/20141017_sveices_mikrokreditesanas_programmas_tukstosais_klients_sakumskola_mazajiem_poga</p> <p>20.11.2014 https://www.erweiterungsbeitrag.admin.ch/erweiterungsbeitrag/en/home/news/press.html/content/erweiterungsbeitrag/en/meta/news/2014/november/20/mikrokredite</p>
4.	Informative leaflets	Information about Programme's conditions for potential applicants, applicants	Permanently/ at ALTUM Central Office and Regional Branches
5.	Dissemination of results participation in informative events organized by the third parties	Information about Programme's conditions for general public	Permanently/ e.g. seminars on the EU supported programmes and other support instruments
Fire safety project			
1.	Information on EA's web page www.vraa.gov.lv updated regularly	To inform general public, project partners and other interested bodies on the project activities and news as well as about the Swiss contribution.	http://www.vraa.gov.lv/lv/sveice/ugunsdrosiba/
2.	Press releases		II Quarter of 2014, I Quarter of 2015; articles in national media

Annex 5 “Main conclusions and progress of implementation of recommendations on audits performed in 2014”

System audits	
1. Internal audit of the SEDA	
Main conclusions	<p>It was concluded that the established management and control system works, however few improvements are necessary and following deficiencies were recognized:</p> <ol style="list-style-type: none"> 1. In the Internal Procedure for the implementation of the project procedure of signing subproject agreements and its amendments is not stated. As well as according to the Internal Procedure on the spot check shall be made, if amount of the subproject exceeds 4000 CHF, but on the spot checks were carried out despite that in 2013 and in 2014 no subprojects were approved exceeding this amount CHF. 2. In the announcement of the 4th open call was not included complete information on subproject implementers – colleges were not specifically indicated. 3. No common approach for qualitative evaluation criteria “Importance of involved partners: involvement of partners enhance quality of implemented activities and results” is applied by experts during subproject evaluation. 4. In some cases information provided in the Completion Reports submitted by the subprojects’ implementers was not sufficient to justify expenses occurred during the stay of Swiss lecturer.
Implementation progress	<p>All deficiencies were eliminated by SEDA till the end of January 2015.</p> <ol style="list-style-type: none"> 1. On 12 January 2015 amendments in the Internal Procedure was approved. 2. On 5 January 2015 a list of all possible subproject implementers (including colleagues) was published in the 5th open call announcement. 3. Description about evaluation of involved partners was approved with the Decree of SEDA on 18 December 2014. 4. The updated template of the final report was approved with the Decree of SEDA on 18 December 2014.
2. Audit of Sarkandaugava, Fire safety and School busses projects’ management and implementation system in SES and SRDA as well as audit of implementation of competent line ministry’s functions in MoEPRD	
Main conclusions	<p>In general the competent line ministry is performing its obligations according to the PIA, the PA and respective laws and regulations as well as an effective Monitoring and Control system has been developed in order to monitor implementation of projects. Although the ministry has not developed description of procedures for monitoring and control, actually the monitoring is performed and projects are implemented according to terms and conditions of the PIA and the PA. Following recommendations were expressed:</p> <ol style="list-style-type: none"> 1. Development Instruments Department of the ministry doesn’t have a definite procedures for the monitoring and control of Sarkandaugava and Fire safety projects and it is not determined which information shall be included into the monitoring register. As well as verification of Sarkandaugava project’s 4th PIR by the ministry was not documented, thus, auditors didn’t have a possibility to evaluate the results of performed verifications. 2. For the department it is not determined which electronically prepared and received documents related to the implementation of projects shall be kept and where these will be kept in order to comply with condition of the PA – all documents shall be kept 10 years

	<p>after the completion of projects.</p> <p>3. Reports of Sarkandaugava project have not been approved at the Steering Committee meetings, although that is prescribed within the PA.</p> <p>4. The ministry doesn't have a definite procedure for the monitoring of post-completion obligations within the projects – maintenance of projects' results for at least 6 years in the School busses project and at least 5 years in the Fire safety project.</p> <p>5. The PIA of School busses project doesn't determine for the ministry to make the post-completion monitoring, however auditors have ascertained that monitoring is made. The existing procedures of monitoring and control aren't documented.</p>
Implementation progress	On 1 August 2014 the description of internal control system for implementation of line ministry's functions was approved thus All recommendations were implemented by MoEPRD.
Projects' External Financial Audits	
1. Intermediary Financial Audit of the Swiss researchers' activities	
Main conclusions	The Audit organization stated that financial information for the period from 1 July 2011 till 31 December 2013 has been properly disclosed in the PIRs and the reported financing has been used in compliance with the provisions of the PA, PIA and with respective national laws and regulations.
Implementation progress	Within the Auditors' report no recommendations were issued. Audit report was submitted to the Swiss side on 11 April 2014.
2. Final Financial Audit of the Modernisation of Courts	
Main conclusions	The Audit organization has concluded that the audited financial statements for the period from 1 July 2009 till 31 December 2013 comply in all substantial aspects with the provisions of the PIA, Swiss Programme and laws and regulations of the Republic of Latvia. Three observations and recommendations with low and medium priority were provided by the Audit organization to CA about 1) proper accounting of the location of fixed assets; 2) provision of publicity stickers on fixed assets; and 3) use of acquired furniture in premises of a prison.
Implementation progress	All recommendations have been taken into account and implemented by CA. CA has informed CFCA, that according to the internal Inventory procedure of the CA (dated 5 July 2013), the inventory in the CA, district (city) courts and regional courts shall take place not less than once per year. As regards to the Supreme Court and prisons (hereinafter – institutions) where EA stocks are placed, EA with an official letter is asking institutions to carry out inventory at their place in order to inspect all material and intangible assets which are in the accountancy of CA. Each institution notify CA about the inventory results once per year when CA is carrying out the closing inventory. CA also makes inspection on the spot in courts on random base. Therefore regular control of location of fixed assets will be insured also in future, as well as during inventory information about missing, if any, publicity stickers on fixed assets will be gained. Taking into account that according to PA the project shall be operational at least five years after it has been completed, CA will set up Sustainability's Monitoring Work Group which will be responsible for organisation of on-site visits to courts and prisons thus regular control of location and labelling of fixed assets will be ensured. With respect to third recommendation CA by an official letter dated 19 November 2014 confirmed to CFCA, that the furniture in question has been accordingly placed in the premises of the prison. Audit report was submitted to the Swiss side on 2 December 2014.

3. Intermediary Financial Audit of the Sarkandaugava project	
Main conclusions	<p>Audited financial statements for the period from 1 April 2011 till 30 June 2014 and reported expenditure of the Project in all material respects are eligible and comply with the implementation regulations of the Project and accounting entries. 19 recommendations were provided by the Audit organization to SES about:</p> <ol style="list-style-type: none"> 1) lack of national co-financing for the 2nd tranche; 2) assessment of the total contract price within procurement procedures; 3) additional documentation to be added to the procurement report in case of one valid proposal; 4) involvement of industry specialists in the preparation of procurement procedures; 5) treatment of received transfer payments from the Project partner – Riga City Council; 6) documenting final versions of PIRs; 7) control over contract guarantees and insurance policies; 8) influence radius of exploitation wells; 9) pumping of the floating layer of oil products; 10) remediation of soil; 11) documentation of measures to prevent pollution; 12) contamination of water to be pumped out; 13) accepted contract amount; 14) performance criteria of remediation works; 15) on-site tests; 16) defining the contract value of materials and equipment used for work; 17) issuing inception order and final acceptance act for each work stage; 18) control over receipt and documentation of advance payment guarantees; 19) lack of specific regulations for remediation work.
Implementation progress	<p>Implementation of recommendations is ongoing. According to information provided by EA on 18 February 2015 6 recommendations have been already implemented:</p> <ol style="list-style-type: none"> 1) National co-financing for the 2nd tranche is ensured; 5) Before EA will submit PIRs to CFCA, transfer payments received from Riga City Council will be harmonized with utilized co-financing amount indicated in PIR; 6) Separate folder for final version of project reports is created by EA. In this folder also approvals of project reports by the Project's Steering Committee will be included. 7) On 9 December 2014 contractor submitted to EA the contract guarantee. Further control actions will be ensured by EA over contract guarantees and insurance policies; 17) EA will ensure elaboration of necessary documentation for each work stage; 18) Control over receipt and documentation of advance payment guarantees further will be ensured by EA. <p>Audit report is planned to be submitted to SCO in the 2nd quarter of 2015.</p>

On the spot checks	
1.Modernisation of courts project	
Main conclusions	CFCA verified randomly selected originals of procurement documentation, procurement contracts, final acceptance acts, accounting documentation as well as verified provided services. No deviations from the provisions of the PIA were found.
2.Sarkandaugava project	
Main conclusions	CFCA verified randomly selected originals of procurement documentation, procurement contracts, amendments of the procurement contracts, construction register, accounting documentation as well as inspected drill-holes and installed remediation equipment in the territory of „Woodison terminal” Ltd., „Eko Osta” Ltd. un „Ovi” Ltd. No deviations from the provisions of the PIA were found. As well as the CFCA obtained assurance that Swiss Programme’s publicity requirements were observed.
3.Fire safety project	
Main conclusions	In the boarding school and the kindergarten CFCA verified randomly installed equipment in accordance with procurement contracts and final acceptance acts. CFCA verified randomly selected accounting and supporting documentation, procurement contract and final acceptance acts in SDRA No deviations from the provisions of the PIA were found. As well as the CFCA obtained assurance that Swiss Programme’s publicity requirements were observed.