



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 2016 – March 2017*

In Riga
April 2017

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

Courts modernisation project – Modernization of Courts in Latvia

CRUS – the Rectors’ Conference of the Swiss Universities

EA – Executing Agency

EU – European Union

Financial reporting project – Financial Reporting Technical Assistance Project

Fire safety project - Support for fire safety measures in local government general education institutions

LASA – the Latvian Association of Sworn Auditors

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 1

PIR – Project Interim Report

ROSC - Report on the Observance of Standards and Codes on Accounting and Auditing

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

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

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Summary

The document aims to present the process of Swiss Programme's actual projects implementation in Latvia and describes planned activities until the end of the Swiss Programme (13 June, 2017). This document will be discussed during the annual meeting with the Donorstate planned in May 2017.

Main actions of NCU and other institutions responsible for the implementation of the Swiss Programme in Latvia undertaken in the reporting period (April 2016 – March 2017) were concentrated on tasks related to the successful completion of last 4 projects (Youth initiatives programme, Sarkandaugava project, Financial reporting project and TAF), announcement and completion of relevant procurements, carrying out information activities and performing audits, controls and on spot visits (including monitoring of the post completion obligations). Remaining 3 projects (Sarkandaugava project, Financial reporting project and TAF) will be completed until middle of June 2017. Projects are implemented according to focus areas set in the Framework Agreement in order to reach overall and specific objectives of the Swiss Programme. Thus already 9 projects out of 12 are successfully completed (School busses project, Project Preparation Facility, NGO Fund, Courts modernization project, Micro lending programme, Fire safety project, Swiss researchers' activities, Scholarship fund and Youth initiatives programme).

The commitment for Latvia constitutes 56.88 M CHF (100%). Funding invested in peripheral or disadvantaged regions, environmental protection, courts modernisation, education and research, youth initiatives, NGO and private sector. By April 2017 52.05 M CHF or 91.5% of total commitment for Latvia has been acquired (2.87 M CHF acquired in reporting period).

Overall progress made so far towards implementation of the Swiss Programme's can be assessed as very successful, taking into account that most of projects output indicators are overreached mainly due to savings of exchange rate fluctuations, leftovers in procurements and possibility to prolong project implementation, when necessary.

As Swiss Programme is coming to closure following relevant impact of achieved projects' results could be highlighted:

- Most of the projects reached general objective of Swiss Programme – as projects were targeted on disadvantaged regions and were well regionally balanced. Projects' results made an integrated/complex impact to all regions – available school buses, equipped school with fire systems, established multifunctional youth centres, granted micro loans and modernised regional court.
- 10 years implementation allowed to implement successful all projects as it was time to make meaningful changes within projects in order to find best solutions for projects' challenges and to overreach initially planned results.
- Despite the challenges of CHF's fluctuations, Latvia has taken advantage of this situation – in most of the projects additional activities or even new activities were implemented thus benefiting for achievement of more results and bigger impact to specific fields.
- Most of the projects were targeted in specific fields thus ensuring direct impact and substantially improved situation, as well as made a long term impact in respective fields:
 - ✓ Courts modernisation project – all courts of Latvia and several prisons were equipped with video and audio devices thus leading Latvia's justice system to become more technologically advanced and lift courts proceedings in a new level, as well as enhanced a general public security and safety (minimised cases of prisoners' convoys from prison to court and back);

- ✓ Micro lending programme – a stable and long term funding for Latvian micro business were provided and it was targeted to financial gap within lending sector, what resulted in enhancement of creation of new or development of existing micro businesses in Latvian regions in different fields (agriculture, forestry, trade, industry, professional and technical services for local communities, construction etc.), as well as led to creation/safeguarding of 3 116 work places;
- ✓ Fire safety project – the fire protection systems were installed in 57 local governments in 115 schools thus more than in overall 14.8 thousand school children benefiting from safe environment;
- ✓ 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;
- ✓ Youth initiatives programme – the responsible state and municipalities' authorities will continue the implementation of youth initiative measures as the stable ground of 26 multifunctional youth centres' network are established, as well as the capacity of municipalities' employees which are working with youth are strengthened due to several trainings, forums and seminars – thus leading Latvia's youth policy to new and more comprehensive level;
- ✓ Sarkandaugava project – substantial remediation works were carried out thus quality of soil and ground is improved in the territory of Sarkandaugava; also a sustainability of project's results will be ensured as a bound wall with drainage system were established thus inflow of pollution into the Sarkandaugava channel, to the Daugava River and afterwards in the Baltic sea is prevented;
- ✓ Financial reporting project – the institutional and professionals' capacity to apply International Financial Reporting Standards, International Standards on Auditing, EU level and national tax and accountancy regulations were enhanced due to delivered 17 seminars to various Latvian institutions, as well as several reports in auditing, tax and accountancy sector, including ROSC report, were delivered thus improving national legislation on financial reporting and reducing an administrative burden for companies.

Implementation of the Swiss Programme is well perceived and highly appreciated in Latvia. It contributes to priorities defined in the *National Development Plan of Latvia for 2014 - 2020* and in general all projects are orientated on reduction of economic and social disparities between Latvia and the most progressive countries within the enlarged EU.

1. Reporting on the status of focus areas

This report covers actual implementation progress of three last Swiss Programmes' projects in implementation within reporting period including description of achieved progress of indicators of the respective projects' outputs and outcomes indicators.

1.1. Priority sector "Security, stability and support for reforms"

Youth initiatives programme

Activity "Establishment of Multifunctional youth initiative centres"

Four additional centres (in Balvi, Valka, Skrunda and Saulkrasti) were opened besides 22 already opened. Therefore all 26 centres from the initially list¹ of approved applications for establishment of Centres received the support needed. The map of all 26 centres placed by regions can be seen in the Annex 1 as well as on EA's website². In addition, within reporting period around 500 units of equipment (office and household equipment, furniture, sports and music inventory) were purchased for all 26 youth centres, thus ensuring full functionality of youth centres. In total approximately 3 540 units of equipment are purchased or 203% from initially planned (1 743 units).



Youth of Multifunctional youth initiative centre in Skrunda

In 2016 EA carried out 5 on the spot visits of the youth centres (in Iecava, Balvi, Valka, Skrunda, Saulkrasti) before performance of final payment to the respective municipalities was made. As well EA ensured 10 post completion visits in youth initiative centres (in Rezekne, Gulbene, Aizpute, Ilukste, Riebini, Livani, Jaunjelgava, Kandava, Talsi, Iecava). No deficiencies/infringements were detected.

Activity "Trainings for youth and persons involved in youth work"

In reporting period EA organized **23 trainings for youth** (445 participants) on intercultural education and social media, development of civil skills and empowerment of entrepreneurial

¹ Evaluated by the Evaluation Committee within the MoES

² <http://jaunatne.gov.lv/lv/sveices-programma/jauniesu-centri>

skills as well as trainings about possibilities of political participation and development of leadership skills. In total **109% of target indicator** (100 trainings) are reached. Trainings were performed in all planning regions of Latvia (Kurzeme, Vidzeme, Latgale, Zemgale and Riga). As well **18 trainings for persons involved in youth work** (366 participants) were organized about team work, mentoring, possibilities of non-formal learning in youth work and involvement and motivation of youngsters. In total **123% of target indicator** (60 trainings) are reached. Trainings were performed in all planning regions of Latvia.

Activity “Forums and conferences about youth work in regions”

The **5th Regional Forum** in Zemgale planning region about youth strategy in municipalities was held in May 2016 with the aim to develop competences in the development of youth policy documentation in municipalities and to exchange experiences and best practises with colleagues from Latvia’s municipalities and neighbouring countries.

The **5th Regional Conference “DigiGo”** in Riga planning region about digital youth work was held in October 2016 with the aim to discover tendencies of social and digital media usage and importance of digital youth work and its possibilities now and in future, as well as to encourage understanding about innovative solutions and concepts for digitalization of youth work.

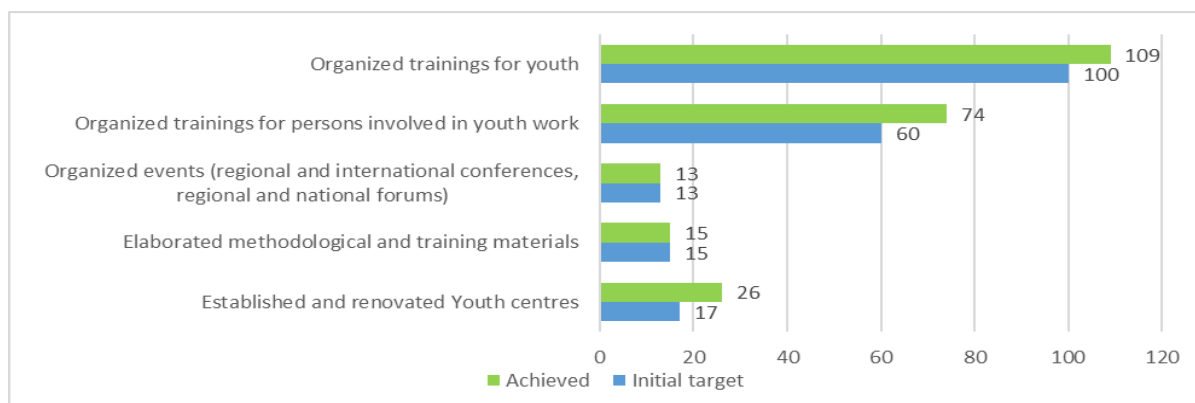
The **2nd National Forum** in Jurmala about recognition and adaptation of obtained competences in non-formal learning was held in November 2016 with the aim to promote discussion about next steps towards recognition of non-formal learning in youth field. Thus, **all 13 planned** events are organized.

Activity “Methodological and training materials”

In this reporting period **2 methodological materials** for European Voluntary Service’s sending and hosting organizations were elaborated. Thus in total EA has developed **all 15 planned** methodological materials on following topics: non-formal learning; coaching; Youth-pass; voluntary service; teambuilding and leadership; youth initiatives and development of competences – 2 in Braille, 5 handbooks, 2 interactive materials, 1 audio book and 5 video materials. All these materials are available on EA’s web page³.

The summary of the Youth initiatives programme’s outputs can be seen in the chart below. All outputs are reached and even overachieved. More detailed information of programme’s outputs please see in Annex 2.

Chart 1 “Reached results in Youth initiatives programme against initial targets in PA “



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

Risks

In the reporting period were 3 remaining risks with low impact/probability:

- 1) to reduce risk of **ineffective collaboration with local municipalities** - EA consulted municipalities about implementation of component projects, including common mistakes in procurement procedures;
- 2) 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 **cooperation with regional coordinators** turned out very successful, thus number of participants, who would not attend trainings in the last minute has decreased. Number of applications for trainings and events was high - even **reserve list** of participants was prepared;
- 3) to reduce risk that **centres would not be established as planned** within the available budget - EA agreements with municipalities include municipalities' responsibility to cover financial deficit, if it appears.

However, currently there are no remaining risks as programme was successfully implemented by March 2017.

Within logframe of the Youth initiatives programme 2 outcomes are set, please see in table below.

Table 1

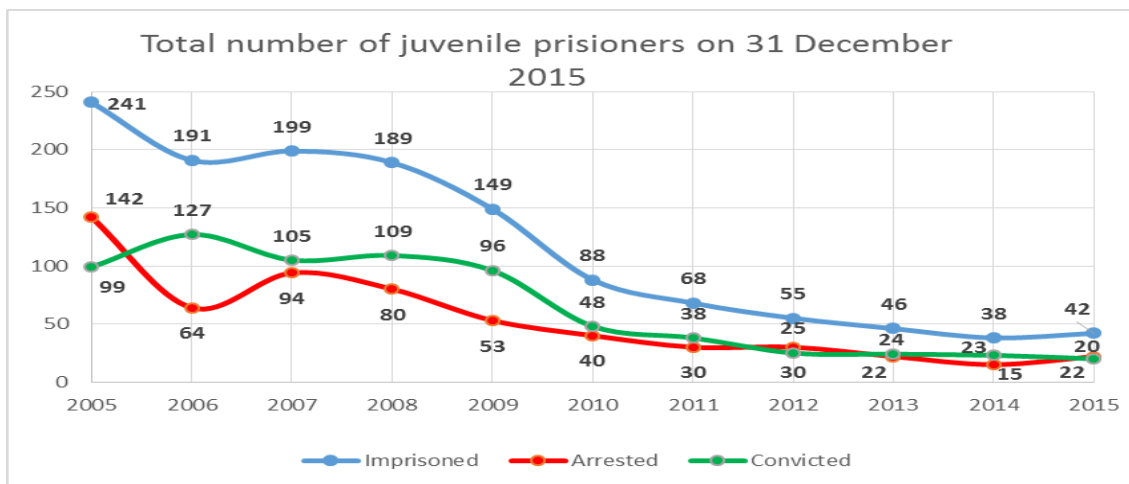
Outcome	Indicators	Reached progress
Equal rights provided to youth from less developed regions to get involved in youth work and non-formal education activities	Increased number of young people participating in organised youth activities	More than 3 thousand (out of total 277 thousand) young people from all planning regions of Latvia participated in trainings and other events organized by EA. External study developed within Youth initiatives programme shows that performed trainings and events have encouraged impulse of new initiatives, cooperation and active participation not only in the personal lives of the participants, but also in youth initiatives, centres and society at large. Therefore young people, regardless of their social status have been able to pursue their own interests in non-formal learning and voluntary services and youngsters have developed skills which can be useful in the labour market and becoming active members of society, thus increasing number of young people participating in organised youth activities. Youth initiatives project made a direct impact.
Socially active young people in peripheral and disadvantaged regions	Reduce youth crime, substance misuse and other deviant behavior	The total number of juvenile prisoners (from 14 to 25 years) at the end of 2015 ⁴ has decreased by 52% or 94 juvenile prisoners (comparing to 2010 – before the programme), please see chart 2. At the end of 2015 in total 12.6% from convicted persons in prison total were youth (improvement comparing to 2010 – 23.4%). The decrease in number of juvenile

⁴ Actual available data from Ministry of Justice Prison Administration's 2010 and 2015 Public Reports

Outcome	Indicators	Reached progress
		<p>prisoners can also be related to improved unemployment situations - 9.6% in 2016 (comparing to 2015 – 9.9% and 2010 – 19.5%). It can be assumed that <u>Youth initiatives programme</u> also contributed to these <u>achievements</u>. The success can be explained by the provided opportunity for youngsters - qualitative non-formal education, leisure time activities as well as healthy and open supporting environment in established 26 multifunctional youth initiatives centres. Thus <u>in peripheral and disadvantaged regions the network of places where young people can spend their leisure time usefully was developed and enlarged</u>. This leads to some scope of reduction of youth crime, substance misuse and other deviant behaviour. Young people may choose not to rove, thus minimizing possibilities to be do an offence or to become a criminal offence victim. Performed external study shows that youth centres play important role to young people’s lives as 49% of surveyed youth attend centre 3 or more times a week with the main motivation to spend a good time (73%) and opportunity to participate in interesting leisure or training events (48%).</p>

In overall described progress of reached Youth initiatives programme’s outcomes shows positive tendency of improvement in providing equal rights to youth from less developed regions to get involved in youth work and non-formal learning activities and also in reducing of youth crime.

Chart 2



⁵ According to available information in the Central Statistical Bureau’s of the Republic of Latvia database

*An external study*⁶ on the impact of activities undertaken within Youth initiatives programme was carried out. Please find in the Annex 4 research findings and main recommendations. According to study results the established youth centres have substantially strengthened the support environment for youth related activities and work and provided more opportunities for meaningful leisure activities, participation in non-formal education as well as enhanced youth initiatives in Latvian disadvantaged regions. MoES will take into account conclusions and recommendations drawn from the study. In order to further enhance the support to an efficient education, training and quality youth work, the state budget long-term liabilities have been undertaken in projects and measures co-financed by the EU Erasmus+ Programme. MoES has also launched projects in education, training as well as lifelong learning (e.g., developing skills and competences, informal education, etc.) supported under the EU Structural Funds.

⁶ Ltd. "Dynamic University" carried out study from September 2016 until March 2017 (EA sent to SCO on 11 April 2017). Available on: http://jaunatne.gov.lv/jspa_petijums_gala_nodevums.pdf

1.2. Priority sector “Environment and infrastructure”

Sarkandaugava project

In reporting period remediation works in the Site I and Site III were completed. However, in Site II remediation works are on-going according to the schedule and will be completed by May 2017. By the end of April 2017 in the Site I/II 1 148 tons or 127% (increase of 38% comparing to previous reporting period) and in the Site III 557 tons or 104% (increase 46%) of floating oil products in groundwater were pumped out according to the target set in the project’s logframe. In all three Sites polluted ground of **7 122 tons or 136%** was excavated (increase of 50% comparing to previous reporting period). More detailed information of project’s outputs please see in Annex 2. Almost all outputs will be reached and even overachieved (except one - legal assessment activity). The supervision of remediation works is performed in accordance with the Construction Agreement and the *International Federation of Consulting Engineers` Regulations*.



Sarkandaugava’s Site before and after performed remediation works

EA with project’s Annual Report covering 2016 informed Donorstate that *Riga Regional Environmental Board*⁷ during the reporting period performed analysis of polluted oil products in 6 wells and recognized that 2.57 tons of pumped out polluted oil products are younger than 20 years. Therefore, new pollution of 2.57 tons was excluded from the project’s historical pollution oil products total amount and SES in cooperation with *Riga Regional Environmental Board* started procedure according to “polluter pays” principle. It shows that the pollution monitoring in project’s sites were ensured.

Amendments in the PA

During reporting period two amendments were initiated by EA for prolongation of the project implementation period for 3.5 months, by 13 June 2017. The amendments were approved by Donorstate and are in the process of implementation. Thus more results in effective way would be reached due to occurred savings of Swiss franc’s currency exchange rate. Amendments foreseen to:

- organize international seminar on remediation of the polluted sites in Latvia;
- implement additional activity “*Assessment of the legal environment of the remediation of the polluted sites and suggestions for its improvement*” will not be implemented due

⁷ Structural unit of SES, which implements the national environmental protection policy in the cities of Riga, Jurmala and 20 regions.

- to submitted tenderers claims in the Procurement Monitoring Bureau, what resulted in lack of time to ensure successful and qualitative implementation of activity;
- to prepare post remediation monitoring concept, including study visit to Switzerland and Austria and acquisition required tools.

Risks

In the reporting period there are 2 remaining risks with low impact/ probability:

- 1) to reduce **risk of remediation works' execution delays** EA holds weekly/monthly operational meetings and receive weekly/monthly progress reports for the ongoing remediation works;
- 2) to prevent **the risk of cost overruns**, a financial reserve of almost 0.9 M CHF (on 1 April 2017) still available in project's budget and taking into account that all procurement procedures for Site I/ II/ III are finished with no cost overruns, this risk is very low.

However, currently there is no remaining risks as both risks were effectively mitigated and no new risks are detected.

In addition, issue regarding created project's infrastructures handing over to the *Freeport of Riga Authority* as responsible institution for the territory after the implementation of project is within process. The next steps are set by EA and MoEPRD and it is planned to solve this issue by the end of project's implementation. However, project's infrastructures are under responsibility of EA and are included in it's balance. Thus, if this issue will not be solved by this deadline EA will ensure respective project sustainability.

Within logframe of the Sarkandaugava project 4 outcomes are set, please see in the table below the progress of indicators' achieved.

Table 2

Outcome	Indicators	Reached progress
The quality of groundwater and surface waters is improved in the territory of Sarkandaugava	In accordance with the Cabinet of Ministers Regulations No. 118 "Regulations on surface and ground water quality" (12.03.2002), in Site I and Site II reach the requirements set for ground water remediation in polluted areas ("target value"/"minimum decrease of pollution")	In Site I all works are concluded, in Site II pumping continues, but already now results shows that pollution is reduced by 60-70%. Available cartographic materials with groundwater floating oil product thickness measurements, <u>demonstrates that the oil product thickness by help of remediation works decreased significantly</u> . Furthermore, project goals emphasis was placed on the floating layer "phase" disposal, that is why laws and regulations framework for certain polluting elements in accordance with the Cabinet of Ministers Regulations No. 118 in this case is not fully applicable. <u>Project's activities contributed to reduction of historical pollution in Sarkandaugava</u> .
	In accordance with Law "On Environmental Protection" of 02.11.2006. in Site III	In Site III all works are concluded. Over groundwater floating oil product pollution is reduced by 74%. <u>Sarkandaugava project</u>

Outcome	Indicators	Reached progress
	reached requirements set in environmental pollution elimination measure plan for environmental pollution elimination	<u>contributed to the reduction of historical pollution.</u>
The inflow of pollution into Sarkandaugava channel is prevented	Migration of oil products from the sites has been stopped	In the Site I indicator is achieved partially - due to the technological facility's opportunities, contamination migration has not been suspended fully, but it is minimized to maximum as a result of pumping. In the Site II indicator is achieved - set up a drainage system with a barrier that stops pollution migration. In the Site III indicator is achieved - there is made boundwall with drainage system. <u>Project has a direct impact on preventing pollutions inflow into Sarkandaugava channel.</u>
The quality of soil and ground is improved in the territory of Sarkandaugava	The soil and the ground is improved and stabilized according to regulations of Riga Regional Environmental Board	In the Site I and Site II soil pollution is reduced by 60-70% and is lower than in the remediation task set C level of 5 000 mg to 1 kg of soil. In the Site III soil quality indicators are achieved - all excavated soil was stripped and left in a landfill site. For works there new, clean soil were used. Currently all data on pollution reduction is being analyzed and will be included in the remediation works final report. <u>Sarkandaugava project contributed for improvement of polluted soil and ground quality.</u>
Normative acts in Latvia are applicable to be an effective support mechanism for the realisation of the projects on remediation of polluted sites	An update with improvements for the existing legal framework for remediation activities is developed that encompasses the Law on Pollution, the Environmental Protection Law, the Environmental Protection Law and all corresponding normative acts	Will not be implemented due to tenderers' claims regarding the procurement, what resulted in lack of time to ensure successful and qualitative implementation of activity

In overall described progress of reached Sarkandaugava project's outcomes shows positive tendency - improvement of groundwater, surface water, soil and ground quality in Sarkandaugava territory, also Sarkandaugava's channel is prevented from inflow of pollution.

1.3. Priority sector “Promotion of the Private Sector”

Financial Reporting project

IT systems

1) *LASA`s IT system*

The usage of LASA`s IT system for Latvian medium and small size commercial companies of sworn auditors is stable and is **used by ~ 40** users (increased by 20 users comparing to 2015).

2) *IT system (Database) under development*

Latvia as EU member state has to ensure the oversight of the sworn auditors and their professional activities. The responsibilities of the competent authority are established in *Law On Sworn Auditors*. EA signed service contract regarding development of IT Software system for the oversight of the sworn auditors (Database) in July 2016. It is planned that system will be ready and functional by May 2017 and it will be used by MoF as the competent authority.

EA and project partner LASA implemented 3 activities:

- **Guide** on Accounting organization and other relevant documents were delivered by December 2016 (available on MoF`s web pages) – EA`s activity, it will be applied by limited liability companies that correspond to micro company category according to *the Annual Accounts and Consolidated Annual Accounts Law*;
- developed **training program** for the sworn auditor candidates - to prepare them for the sworn auditor qualification exams (LASA`s activity), the first trainings are planned from May till August 2017;
- updated **sworn auditor qualification examination program`s package** for the candidates (LASA`s activity), the first exams are planned from August till December 2017, therefore the first results would be available in the Project Completion Report.

EA and LASA started development of 3 guides:

- **for municipalities** in order to enhance cooperation with the sworn auditors during the financial and performance audits and will also include the recommendations for auditor services procurements (LASA`s activity) – by the end of April 2017;
- **to applying administrative violations principles** - by the end of May 2017, it will be applied by the competent authority (MoF) in administrative proceeding cases where sworn auditors are involved (EA`s activity);
- **on establishing, operating and oversight of public interest entity`s audit committee** - by May 2017 (EA`s activity).

Moreover, in November 2016 Donorstate supported additional Capacity building activities of internal auditors of Latvia by enhancement of professional knowledge, credibility and respect in the field and exchange of experience and good practice. Therefore Internal Audit Department of MoF (responsible for implementation of activities in cooperation with EA) has started implementation of 2 activities:

- **trainings** for internal auditors in public administration to develop professional capacity (from April till May 2017);

⁸ http://www.fm.gov.lv/gramatvedibas_organizacijas_dokumentu_rokasgramata_mikrosabiedribam/

- **3 experience exchange seminars** with Swiss partner - the Institute of Internal Auditors of Switzerland seminars (planned in May 2017).



Photo from the capacity building trainings for internal auditors of public administration

More detailed information of project's outputs please see in Annex 2. Almost all of planned outputs are reached or in some cases even overachieved as well as the new project's activities for LASA and internal auditors of state administration started due to leftovers within project.

Risks

In the reporting period there are 2 remaining risks with low impact/ probability

- 1) to mitigate risk of **delays in development of the Database** EA has foreseen fines in the supply contract in case supplier exceeds the set terms (actual).
- 2) to mitigate risk of **project's implementation capacity** EA has prolonged employment contract with a project manager by 13 June 2017 and since January 2017 respective costs are covered from MoF's budget funds (not actual).

However, currently there is one remaining risk with low probability - delays in development of the Database, which is mitigated.

Within logframe of the Financial reporting project one outcome is set, please see in the table below the progress of indicators' achievement.

Table 3

Outcome	Indicators	Reached progress
Expected strengthened capacity within the regulatory	Increased public debate on regulatory issues	On 13 November 2014 a working group was established to: <ul style="list-style-type: none"> - provide implementation of Directive 2014/56/ EU of the European Parliament and of the Council of

Outcome	Indicators	Reached progress
community and the accountancy profession underpins the enhanced transparency referred to under “Impact”		<p><i>16 April 2014</i>, amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, into the Latvian legislation;</p> <ul style="list-style-type: none"> - apply the requirements of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, to the Latvian legislation. <p>To implement these requirements in Latvian legislation, the working group debated on planned amendments to <i>the Law On Sworn Auditors</i>. Respective amendments to <i>the Law On Sworn Auditors</i> were approved in Latvian Parliament on 15 December 2016.</p> <p>The working group include representatives from different organisations MoF, NASDAQ OMX Riga, Foreign Investors Council, Financial and Capital Market Commission, Latvian Association of Sworn Auditors, MoJ, Audit Advisory Council, Latvian Chamber of commerce and industry, State Audit Office and MoE.</p> <p>Moreover, due to performed trainings of International Standards on Auditing (ISA) and International Financial Reporting Standards (IFRS) the representatives of MoF, State Audit Office, State Revenue Service and LASA members are able to apply ISA and IFRS standards in practise, including to prepare respective financial statements. After training sessions on applying ISA and IFRS standards were received (96%) positive participants feedbacks with satisfaction and acknowledgment that trainings are useful for their professional practice. <u>Therefore in some scope Financial reporting project also contributed to achievement on enhancement of public debates in this sector.</u></p>
	Increased participation of Latvian nationals in relevant regulatory EU debates	<p><u>According to provided information in ROSC report⁹ Latvian institutions have made significant steps towards participating more actively and systematically in the European policy-making process</u>, mainly through an active role in relevant EU Committees and bodies, for example, EU Audit Regulatory Committee, European Group of Auditor’s Oversight Bodies, Accounting Regulatory Committee and others.</p> <p>Also representatives of MoF and LASA participated in several international workshops and conferences on themes: IFRS standards/regulations; strengthened auditing; financial reporting etc. within the project. For example, in the Ministerial Conference (in 2014) was</p>

⁹ CFRR developed ROSC report in 2014.

Outcome	Indicators	Reached progress
		discussed importance of effective financial reporting frameworks, especially in relation to improving the environment for small and medium sized enterprises and reviewed progress in the implementation of sound systems of financial reporting, crucial to provoking confidence in economies and encouraging investments (more than 200 participants from 30 countries took place) <u>Thus Financial reporting project's activities contributed to achievement of respective indicator.</u>

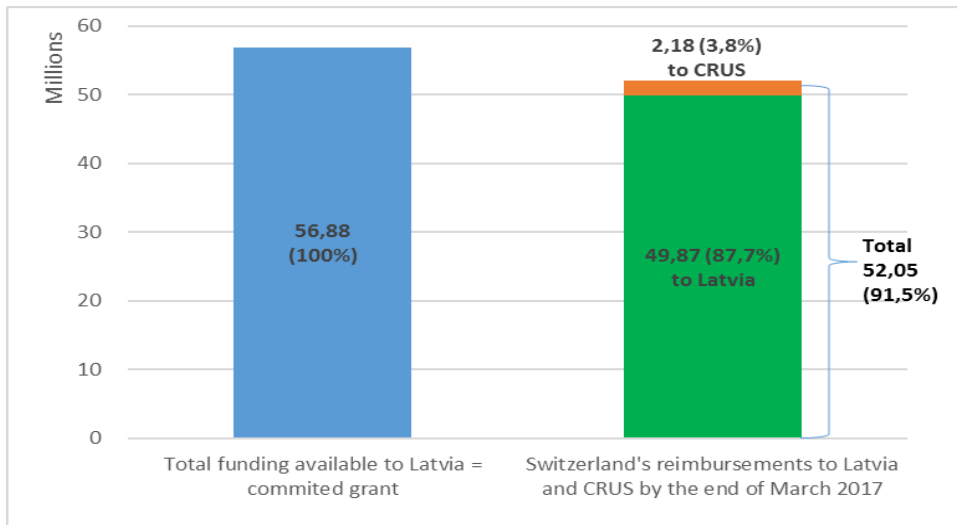
In overall described progress of reached Financial reporting project's outcomes shows positive tendency - strengthened capacity of institutions within the financial reporting and auditing sector.

1.4. Financial progress of focus areas

The commitment for Latvia constitutes 56.88 million CHF (100% of available funding (including CRUS management and evaluation committee’s costs).

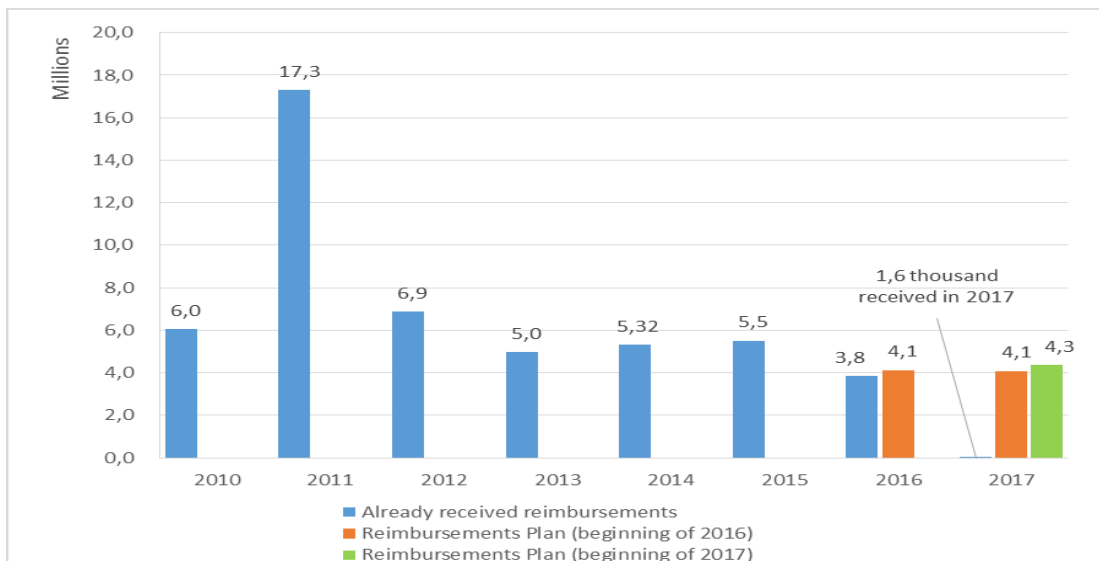
By the end of March 52.05 M CHF or 91.5% of total commitment for Latvia has been acquired (including Switzerland’s reimbursements to Latvia and to CRUS regarding Scholarship fund), please see in the chart 3.

Chart 3 “Total available committed grant for Latvia and Switzerland’s reimbursements to Latvia and CRUS by the end of March 2017, M CHF”



During 2016 reimbursements from the Switzerland were received in the amount of 3.8 M CHF which is 85% from estimated in the *Indicative Disbursement Plan 2016* (4.1 M CHF). Reimbursements to Latvia received by the end of the reporting period are 49.9 million CHF (87.7%).

Chart 4 “Actual and planned reimbursements for projects for time period 2010-2017 in comparison with previous reporting period presented reimbursement plan, M CHF”



The chart 4 shows actually received reimbursements by the end of reporting period and nationally planned reimbursements for 2017. Planned reimbursements differs mainly due to Youth initiative programme deviations of EA's performed final payments to project promoters (local municipalities) in 2017 against initially planned in 2016 and prolongation of Sarkandaugava project and Financial reporting project.

The *Indicative disbursement plan in 2017 (CHF)* divided by projects (please see in the table 4) shows planned reimbursements from the Switzerland to be received in Latvia.

Table 4 “Indicative disbursement plan in 2017 (CHF)”

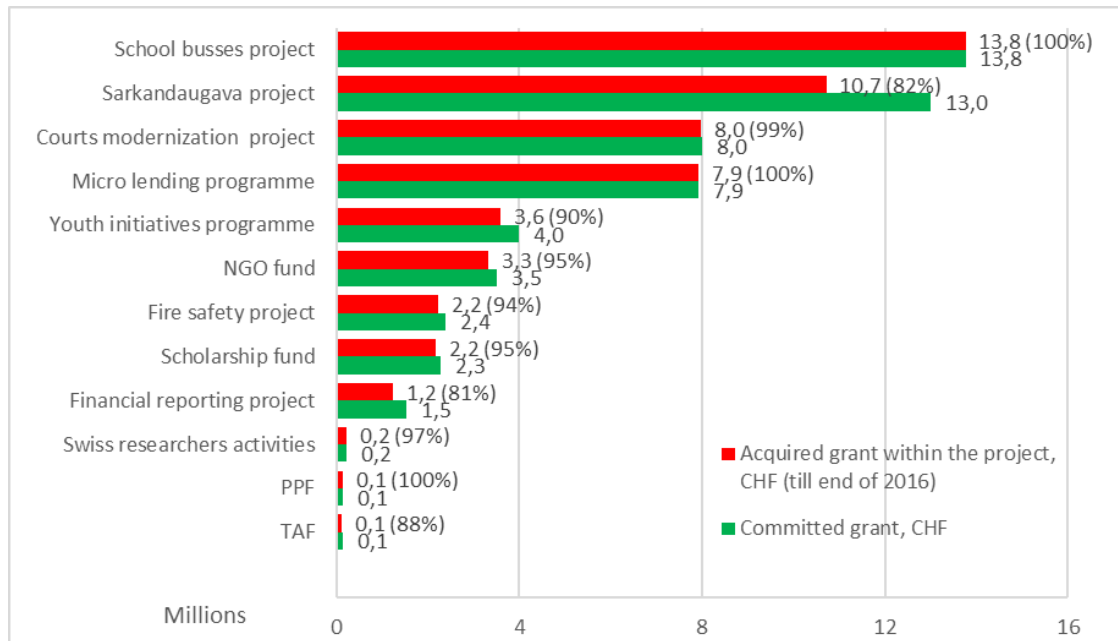
Title	2017
1. TAF	16 834
2. Financial reporting project	307 926
3. Sarkandaugava project	3 400 927
4. Youth initiatives programme	639 939
TOTAL	4 365 626*

*Out of this 1,6 thousand CHF were received by the end of March 2017

NCU considers that all Project Completion Reports could be submitted to SCO in the 3rd/4th quarter of 2017.

Almost all allocated grant of Swiss Programme's projects are acquired, please see in the chart below.

Chart 5 “Acquired grant against committed grant by the end of 2016”



Indicative savings within 3 remaining projects (Financial reporting, Sarkandaugava and Youth initiatives) in total could reach 0.9 M CHF, thus total savings within Swiss Programme 1.4 M CHF or 2.4% of Swiss Contribution (including savings in completed projects 0.5 M CHF).

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

Swiss programme's overall and specific objectives

The **overall objective** of Swiss programme's projects are to contribute to the **reduction of economic and social disparities** between Latvia and the more advanced countries of the enlarged EU what should lead also to reduction of disparities between the dynamic urban centres and the structurally weak peripheral regions in Latvia.

Latvia has got closer to EU medium level of the living standards since joining the EU. In 2004 the GDP per capita in Latvia was only 46% from EU medium level, but in 2015 this indicator has reached already 64%, what is a major achievement. Nevertheless, Latvia still is the fourth poorest EU country following Bulgaria, Romania and Croatia. Thus EU Cohesion policy and other foreign financial assistance, like Swiss Programme and EEA/Norway Grants, are most important investment policies, which make relevant impact for Latvia. The macroeconomic disparities between old EU member states and Latvia still clearly justifies the need for cohesion. Considering the size of 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 is of great value as funding is targeted in areas which are important for Latvia. Short analyses of Latvian economic development and cooperation between Latvia and Switzerland please see in Annex 5. Each project has contributed to achievement of the overall or specific objectives of Swiss Programme in its own focused and complimentary way, as it can be seen in the table below:

Table 5 "Results and impact of 3 projects actual within reporting period towards specific objectives"

Specific objective	Projects contributing to specific objective	Description of impact
Promoted economic growth and enhanced employment conditions	Youth initiatives programme	<p>Provided trainings for youth workers rose awareness of labour market, career planning and ensured volunteering work experience.</p> <p>Provided trainings and seminars for youth have improved self-confidence and courage, ability to formulate and express their views, ability to accept different opinions, communication skills, teamwork, take the initiative and responsibility, <u>thus these activities enhanced a minimization of human capital's disparities between Latvian regions.</u></p> <p>Schools and local governments rate positively the impact of trainings and events for youth. School representatives link the success of youth centres not only to the personal development of the youths, but also to more proactive, motivated and positive pupils, what is a significant benefit to schools. <u>Thus enhancing youth skills necessary in future for them to get the first job.</u></p>

Specific objective	Projects contributing to specific objective	Description of impact
	Financial reporting project	Enhanced institutional and regulating capacity of Latvia in preparing and auditing financial reporting of private sector. Enhanced qualitative and reliable information presented by Latvian companies due to strengthened financial reporting platform. Measures supported put in place regulatory and institutional framework for financial reporting requirements of the <i>acquis communautaire</i> .
Preserved environment	Sarkandaugava project	Reduced pollution inflow in the Daugava River and the Baltic Sea by restoring and improving quality of environment (soil, ground, groundwater, surface water quality) at the polluted areas in three sites of Sarkandaugava (in part of the Capital City). Protected people from hazardous pollution by improved public bathing water quality in part of the Capital City.
Enhanced social security	Youth initiatives programme	According to performed external study within Youth initiatives programme respondents (59%) agreed <u>that youth centres in Latvia have social impact on society and agreed that centres involve and support youngsters of different social groups</u> . From the public perspective youth centres have an equally educational, social and community role. More than half of respondents agreed that youth centres in general resulted in material benefit to youth and general public.
Enhanced security and safety	Youth initiatives programme	Qualitative and secure environment created for youth by establishment of new multifunctional youth initiative centres' network. Youth centres have also resulted in a number of other positive spill-over effects, such as more active involvement by local government in work with youth, improved urban environment, etc. Improved youth' social skills in some scope lead to reduction of involvement in crime activities.

More comprehensive analyses of impact from the results achieved in all implemented projects/programmes towards Swiss Programme's overall objective and specific objectives will be provided in the Final Report elaborated by the NCU.

Overall overview of Swiss Programme's implementation in Latvia – as programme is coming to closure, some conclusions can be made:

- 10 years implementation allowed to implement successful all projects as it was time to make meaningful changes within projects in order to find best solutions for projects and possibility to use Project Preparation Facility (for example, for Sarkandaugava project – pilot projects to find most appropriate remediation methods).

- Despite the challenges of CHF's fluctuations Latvia has taken advantage of this situation – in most of the projects implemented additional activities (instead of initially planned 17 youth centres 26 were established) or even new activities/project (for example, new Fire safety project was implemented due to CHF leftovers within School busses project) thus benefiting for achievement of more results and bigger impact to specific fields.
- Since in Latvia states funding is relatively small comparing to other beneficiary, for Latvia the pre-defined projects targeted in specific fields – for example, all courts of Latvia were equipped with video and audio devices, youth centres established in all regions (except capital Riga), thus ensuring direct impact and substantially improved situation in respective fields. Open calls – were used where they were relevant, for example, NGO Fund, Scholarship Fund and Swiss researchers' activities, as well as for applying for micro loans within Micro lending programme.
- Most of projects reached general objective of Swiss Contribution (to promote the reduction of economic and social disparities within the enlarged EU) – as projects were targeted on disadvantaged regions and were well regionally balanced. All regions have integrated impact – available school bus, equipped school with fire systems, established youth centre, granted micro loans and modernised regional court.
- Swiss Contribution will have a long term impact in some invested fields – for example, within Youth initiatives programme – the responsible state and local municipal authorities will continue targeted implementation of youth initiatives measures as the stable ground of youth centres' network are established and capacity of municipalities' employees which are working with youth are strengthened. Within Courts modernisation project – a new level of courts proceedings were established due to relevant installed video and audio equipment's in all courts of Latvia. Within the Micro lending programme – increased available funding for micro business in 8 years period (from June 2011 – June 2019) in Latvia. As well after this period the Loan Fund's surplus shall be used with the similar objective – micro loans for business.
- Challenging and time consuming was two-loop system of project selection – it should be simplified. For example, in the first loop (project outlines) too detailed information was requested from the Swiss side. As the result that an updated project outlines constantly were elaborated at final project proposals' level.

Swiss Contribution in Latvia has made significant support to state's economy and possible extension of Swiss Contribution would be highly appreciated.

3. Publicity activities and Swissness

Publicity

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's implementation issues. The information and nearly all documentation is available there both in Latvian and in English. During the reporting period NCU participated in following publicity activities organized at the project level:

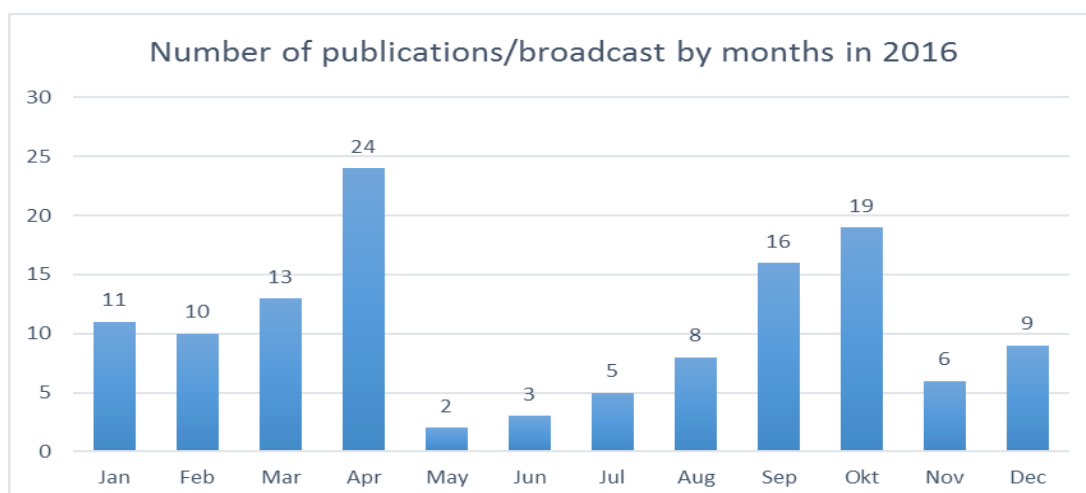
- opening event of youth centre in Skrunda on 28 December 2017;
- closing event of Youth initiatives programme on 13 March 2017.

Joint Swiss Programme's and Sarkandaugava project's Final Publicity Event will take place on 31 May 2017 in Sarkandaugava territory, where one of the largest Swiss Programme's Sarkandaugava project has been implemented. Industrial place of event's performance complies with the idea of modern event's conception.

Detailed overview about publicity measures and information activities carried out at the project level during the reporting period is provided in the Annex 6 of this report.

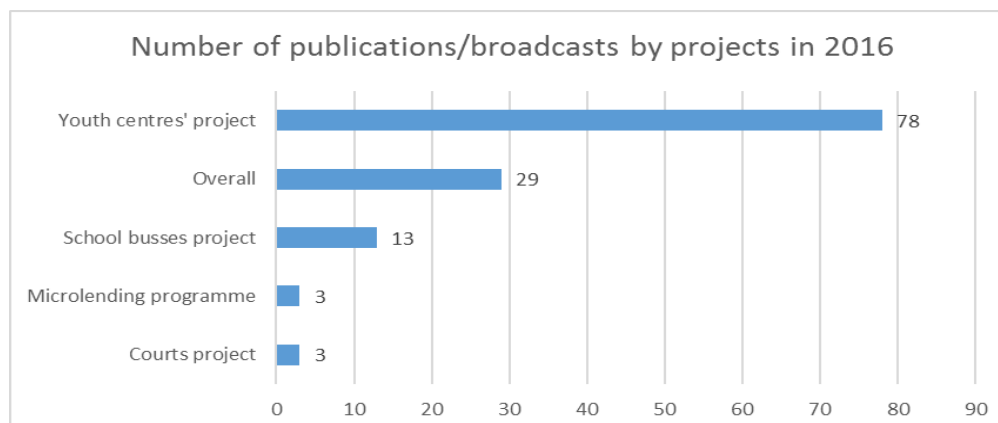
During the Swiss Programme's media monitoring procured by NCU in total 126 publications/broadcasts in the Latvian press, radio, TV and Internet were gathered in 2016; in average 10 – 11 publications monthly. This was the 3rd year of media monitoring, publications/broadcasts in 2016 reduced by 24 (16%) comparing to 2015 (what is explained that number of projects in implementation is reduced - 3 projects in implementation in this reporting period against 6 previously). Monitoring is planned to be continued also by June 2017.

Chart 6



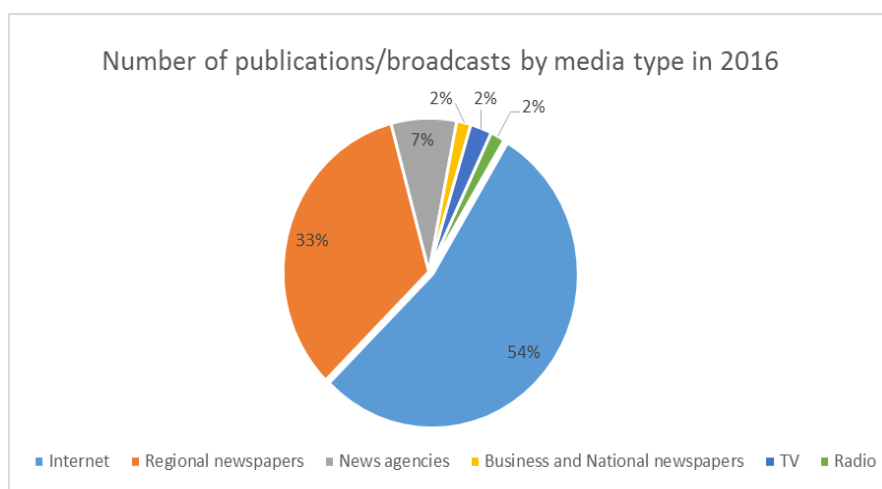
High publicity was observed in the 1st quarter of 2016 (similar to 2015) when media reflected such activities as organization of trainings for youth, opening of the youth centre in Iecava, information about annual meeting of Swiss Programme's progress and high level Swiss delegations visit to company Ltd. "KNK Coating", which received a loan under Micro lending programme.

Chart 7



Mainly publications covered internet and regional press because projects' activities are more targeted to regions as well as the information is closer to the target audience. Information about the openings of the youth centres in Balvi, Valka, Skrunda and Saulkrasti were published in internet portals as well as showed on TV news regarding (ReTV, LTV1, TV24). Also information regarding Swiss Contribution and Youth initiatives programme's trainings on non-formal learnings was broadcasted on the radio stations (SWH+, Radio Baltica, LR1).

Chart 8



Publications were mainly published in internet and in regional newspapers (87% of total publications/broadcasts) and they were positive or neutral (99%).

Swissness

Youth initiatives programme

During reporting period AIPY in cooperation with SCO's representatives participated in opening of multifunctional youth initiative centres in Balvi (October 2016), Skrunda (December 2016), Valka (January 2017) and 5 years opening's anniversary celebration in Tukums (December 2016) in order to emphasize the role played by the Swiss Contribution.

In premises of Balvi centre has established technical innovation laboratory (obtained accessories of robotics and electronics) and set up sound and light laboratory.



Photo from opening of youth initiatives centre “Dinamīts” in Balvi. From the left Ms.Olita Loseva (Director of youth centre), Mr. Sandis Brekte (representative of constructor), Mr.Markus Niklaus Paul Dutly (Ambassador of Swiss Confederation in Latvia) and Mr.Andris Kazinovskis (Chairman of Balvi Council)

In October 2016 AIPY in cooperation with Swiss organisation *Euforia* organised study visit to Switzerland, including visits of different youth centres, organizations and youth initiative groups (participated 31 representative from 26 Latvian youth centres supported by Swiss Contribution, AIPY, MoES and SCO).



Photo from the experience exchange visit in Switzerland within Youth initiatives programme

The aim of study visit to promote collaboration and exchange best practises was fully achieved and participants gained new ideas for their youth work in Latvia and shared their knowledge and experience in their municipalities as well as in the seminar for youth workers about adaptation of Swiss youth centres’ best practice in youth work in Latvia in November 2016.

Sarkandaugava project

In order to acquire experiences and knowledge on post remediation monitoring in other countries SES's representatives visited site "La Pila" in *Fribourg Switzerland* and sites "Benda Lutz", "Kemmelbach" and "Siemens" in and around Linz in Austria in the end of April 2017.

In addition, in June 2017 EA plans to organize project's closing conference on remediation of the polluted sites in Latvia where Swiss experts will share Switzerland's experience in remediation of historically polluted sites, including legal aspects of remediation and post remediation monitoring experience. Moreover, Lithuanian and Estonian experts will share their remediation projects 'experiences.

Financial reporting project

In May 2017 Internal Audit Department of MoF in cooperation with EA and Swiss partner the *Institute of Internal Auditors of Switzerland* plans to organise 3 experience exchange seminars for internal auditors of state administration in Latvia on following themes: Assurance Mapping and Assurance Frameworks; Performance Audit; Effective Techniques for Successful Risk – Based Audits.

NGO Fund

Although the project was successfully completed 4 years ago some macro projects' implementers *still continue cooperation with Swiss partners*, for example, Latvia's Association for Family Planning and Sexual Health "Papardes zieds" had experience and knowledge exchanging with Swiss partner "PLANes – the Swiss Foundation for Sexual and Reproductive Health" regarding Swiss experience in influencing educational content regarding sexuality.

4. Post completion monitoring

School busses project

The project results shall be operational at least 6 years after project's completion by June 2017. Post completion obligation is observed by EA through review of annual municipalities' reports about operation of school busses and on the spot visits to municipalities.

In the beginning of 2017 all 59 local municipalities (please see in website¹⁰) submitted reports to EA on exploitation of buses for the year 2016. Total cost of exploitation (fuel, repair costs, maintenance inspection costs, road tax, digital tachograph checks etc.) of all busses in 2016 was 1.3 M CHF¹¹ (1.2 M EUR), decreased by 2.6% comparing to 2015. In total all 110 busses drove 3.1 thousand kilometres per 2016 (1.7% less comparing to 2015). Average number of school children transported per day are 6 358, this number has decreased by 440 (children or 6.5 % less comparing to 2015), due to reduced number of population in rural areas. There were 3 school buses' road accidents (collisions with wild animals) in 2016, where no children nor adults suffered and slight defects of busses were repaired (in 2015 - 4 accidents and in 2014 no accidents). Post completion monitoring revealed that buses are used according to the foreseen project's objective – to provide transportation of school children to and back from school. Part of local municipalities besides the primary project objective use buses also for different learning activities outside schools, culture and sport events, for example, transportation to Olympiads, choir and dance competitions, concerts, theatre's performances, sport competitions and excursions. Additionally all 59 municipalities informed EA that school busses would continue to provide transportation of school children after the end date of post completion period (June 2017).

In the reporting period EA performed on the spot checks of 16 school busses' exploitation in 8 local governments and EA checked that labels with Swiss Programme's logos are retained on all 16 busses (including 2 renewed labels).

Fire safety project

The project's results shall be operational at least 5 years after project's completion by May 2020 and all 115 general educational institutions, which received fire safety systems must remain under the municipal jurisdiction and shall provide educational or social services. Post completion obligation is observed by EA through review of annual municipalities' reports about operation of fire safety systems and post completion visits to municipalities.

In the reporting period EA performed on the spot visits in 16 education institutions in 7 municipalities. All installed fire protection systems in the buildings are operational and fire safety system manuals are placed in a visible and accessible place.

In the beginning of 2017 all 57 local municipalities submitted reports to EA on exploitation of fire safety systems for the year 2016. In 2016 no fire incidents happened, however system has worked 6 times (comparing to 2015 - 8 times and 2014 - 19 times) mainly due to fumes or dust within repair works in schools and power fault cases. In 2016 in 110 educational institutions (in 2015 - 97) have been performed theoretical and practical trainings for children and employees in area of fire safety. Overall 14.8 thousand (out of total 242 thousand) or 6.1% children in 111 educational institutions (schools and preschools) are provided with safer environment by means of the installed fire protection systems, the number of children increased by 135 comparing to 2015.

¹⁰ <https://www.google.com/maps>

¹¹ Swiss franc's currency exchange rate published in the Latvijas Banka's (central bank of Latvia) website on 3 April 2017 (1 EUR = 1.0682)

Until April 2017, 4 educational institutions (out of 115 which received fire safety systems) have been closed or reorganised (in Alūksne and Bauska municipalities in July in 2016 and 2 more in Viļaka and Riebiņi municipalities in July/August 2014). All 4 schools were closed or reorganised based on local municipality's decision regarding closure or reorganisation of educational institution which was agreed with the responsible Line Ministry – MoES. Municipalities are continuing provide educational or social services for population and special target groups in the premises of all 4 closed schools with installed fire safety systems, for example, organizes trainings for unemployed, accommodates families in crisis situations, established social home, under development retirement home etc. In 2016 85 (thus total 255) inhabitants received social services within premises of closed schools. In addition also Gulbene and Skrunda municipalities informed EA about plans to close or reallocate educational institutions in 2017.

In September 2016 NCU submitted to SCO report on closed or reorganised general educational institutions within Fire safety project.

Two years after completion of project developed web game “Safe Day” on fire safety and civil protection issues is still available in the game's website www.drosadiena.lv, on Google Play for Android OS and in social networks www.facebook.com/drosadiena and www.draugiem.lv/drosadiena. During reporting period 7 099 players registered in the games websites as well as news regarding fire safety measures (uploaded in facebook by EA) were reviewed by 696 users.

Courts modernization project

Project's results shall be operational at least 5 years after project's completion by December 2018. EA monitoring of post-completion ensures through several measures:

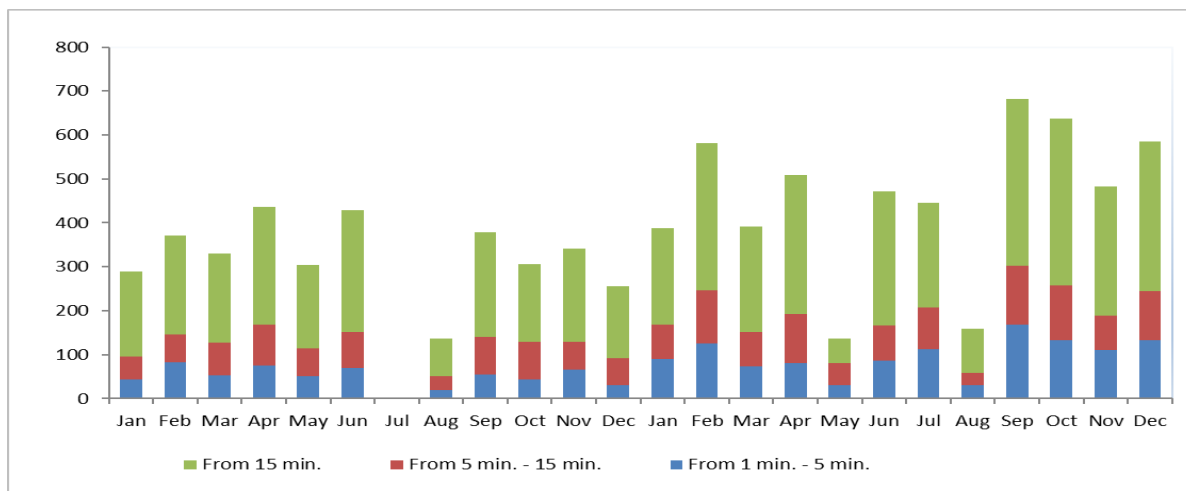
- established Project Sustainability Group is responsible for ensuring regular project's sustainability procedures (2 meetings took place);
- defined responsible person for each project's activity's supervision;
- statistics regarding videoconference and sound recording system has been compiled;
- performance of information kiosks has been checked regularly;
- national court portal www.tiesas.lv and e-services portal www.manas.tiesas.lv (developed based on court portal thus continuing sustainability of the project) have been regularly updated, for example, for prosecutors the tasks calendar has been developed;
- during the reporting period 8 on the spot visits in 21 Court Houses and Prisons were carried out, the conclusion was - all installed equipment is in place and is used according to project's objectives.

Additionally there is also Strategic Planning Working Group established in the Line Ministry (MoJ), which is responsible for supervision of strategic project's sustainability procedures and where EA reports regularly about current status. Within the reporting period one meeting took place.

Trend for using videoconferences is stable and steadily growing (increased by 53% comparing to 2015 year) (please see the next chart) due to implemented reform within court houses. In order to make court houses' work more effective, the decree of assignment of court cases between courts has been changed. Court houses use videoconferences equipment to ensure involved parties participation in court case, even if the review of court case is transferred to another geographically different court house. That also explains increase 69% (comparing to 2015 year) of using videoconferences from 5 to 15 minutes and longer time period. Videoconferences in average were used 456 times per month (comparing to 298 times per month in 2015). The courts become more accessible and involved persons may communicate from another city or state. It also helps to enhance public safety, as accused

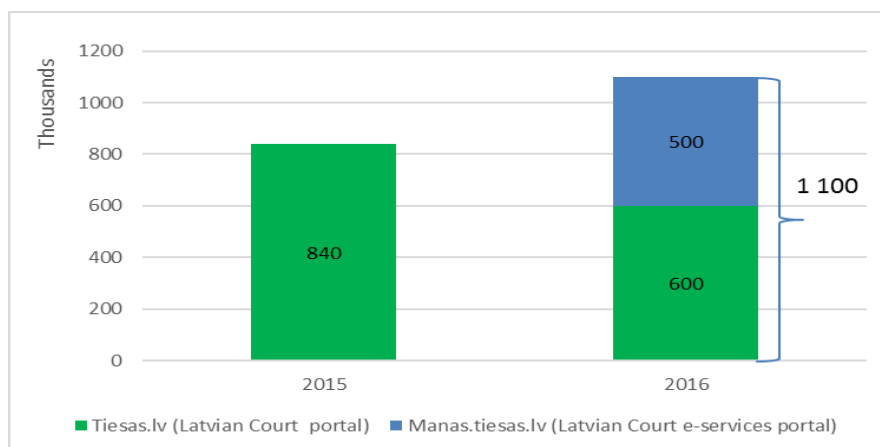
person is able to provide evidence directly from a prison (without transporting to court house).

Chart 9 “Usage of videoconference (number per month), 2015 - 2016“



In 2016 the usage of both websites (www.tiesas.lv and www.manas.tiesas.lv) have increased by 31% (comparing to 2015) due to additionally launched e-services portal www.manas.tiesas.lv in the end of 2015 (please see the chart below).

Chart 10 “Number of visits for websites maintained by Court administration”



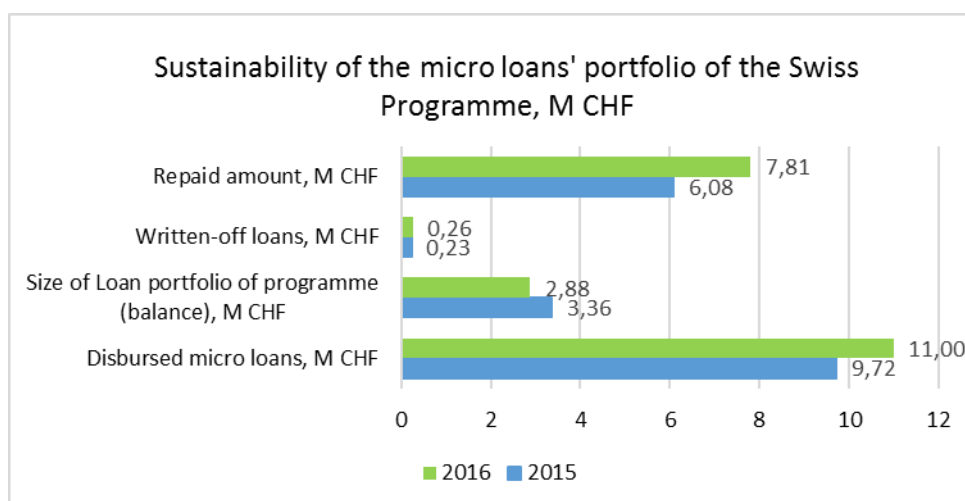
Both websites complement one another and EA ensures involved parties with all necessary information. Portal www.tiesas.lv contains information and description about state’s judicial system, about court houses, list of courts and related actual information. However portal www.manas.tiesas.lv highlights available e-services and made them more accessible, for example, available online information about court cases. The highest visitors’ interest of e-services is regarding court case’s proceedings status (40%), information about the case (20%) and the courts decisions (10%). The usage of both websites is very good and stable, moreover visitors have very high interest in the e-service (500 thousand visitors within one year).

Micro lending programme

After completion of the project all repayments of the Loan Fund shall be assigned for the re-granting of new micro loans until the Loan Fund is closed (30 June 2020).

By the end of reporting period 1 367 micro loans were allocated for a total amount of 12 M CHF¹² or 11.3 M EUR (out of these, 1 338 loan contracts signed for the amount of 11.8 M CHF and out of these 1 303 micro loans are disbursed for the amount of 11.2 M CHF). Specifying the reporting period (February 2016 - December 2016) 179 new micro loans were allocated for an amount of 1.6 M CHF or 1.5 M EUR (since beginning of post completion period on February 2015 - 273 new micro loans for an total amount 2.5 M CHF (2.3 M EUR)). The demand for micro loans after completion remains stable. Indicative bit less amounts are planned for the next reporting period. Since the EU funded programmes, including micro loans, do not support the businesses in agricultural sector, the Micro lending programme mainly supports agricultural and rural micro-businesses (please see in the Annex 8 an overall information on programme's results). Average size of a micro loan is 8.5 thousand CHF (8 thousand EUR). Allocated micro loans are regionally well balanced. According to the business plans of allocated micro loans within Micro lending programme, 280 new (thus total 2 497) jobs will be safeguarded and 33 (total 619) newly created in 2016.

Chart 11



The quality of the loan portfolio can be evaluated positively: non-performing loans ratio by the end of reporting period was 2.9% (in 15 cases delay of payments exceeded more than 90 days). Up to now 40 cases are recognized as written-off loans thus reaching 2.31% (indicative 0.26 M CHF) of total disbursed micro loans. Regarding the repayments, by the end of 2016 repaid amount from disbursed loans reached 71% (increased by 8% comparing to 2015). The current size of the loan portfolio is 2.8 M CHF or 2.7 M EUR (please see the chart above).

NGO Fund

Project's post completion report on macro projects was submitted to the Donorstate on October 2016. Post completion report covered 3 year period after completion of macro projects. Most of macro projects reported on continuation of services, activities and courses provided during macro projects. Some best examples:

¹² Swiss franc's currency exchange rate published in the Latvijas Banka's website on 3 April 2017 (1 EUR = 1.0682)

- 1) macro project “Inclusive Family, Kindergarten, School and Community” reported that services of social worker, psychologist for children and parents, and lawyer are still available as well as support groups for parents, children and young people;
- 2) 6 hygiene centres for seniors for washing clothes and taking shower created within macro project “Afternoon of Life” are continuing their operation;
- 3) 3 multicultural classes and 3 Roma parents and seniors support centres created within macro project “School and Local Community for Inclusion of Roma Children” still continuing their operation;
- 4) discussion method “Coffee with Politicians” developed within macro project “Look Further!” was recognized by European Youth Conference in 2015 as good practice in dialogue between youth and decision-makers;
- 5) an educational brochure on current topics related to sexuality and reproductive health for young people appeared so useful that after the end of macro project “3D: Think! Do! Live!” the brochure was issued in additional print (initially printed and distributed 20 000 copies).

All 21 organizations that implemented macro projects still continuing their operation (including 2 what are just formally registered). 66.7% of all organizations continue activities financed within macro projects by receiving financing from local municipalities or voluntary work. In some cases local municipalities financed even additional specialists (one more social worker and family assistant). Some of macro projects – 14.3% have promoted their activities at higher level, and 14.3% have diversified their activities commenced within their macro projects. Almost half of macro projects’ implementers (47.6%) reported on continuation of macro project partnerships including Swiss partner organizations.

5. Summary of audits and monitorings

In 2016 a system audit, on the spot visits 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 6 “Performed and planned audits and monitorings in 2016 and 2017”

Audit title	Audit institution	Audit time	Audited entity(ies)
System audit			
Internal audit of Swiss Programme’s administration	MoF	February – July 2016	NCU (MoF and CFCA) and Certifying Authority (State Treasury)
External financial audits			
Final financial audit of Youth initiatives programme	External audit organization*	Planned March – April 2017	AIPY
Final financial audit of Sarkandaugava project	External audit organization*	Planned April – June 2017	SES
Final financial audit of TAF	External audit organization*	Planned April – June 2017	MoF and CFCA
Final financial audit of Financial reporting project	Internal Audit Department of MoF	Planned July – August 2017	MoF (EA)
On the spot visits			
Sarkandaugava project	CFCA	March 2016, September 2016 and planned II quarter 2017	SES
Modernization of courts project	CFCA	April 2016	Riga court

* will be chosen within procurement

Information on post completion monitoring please see in Section 4 of this report.

The main conclusion is that most of recommendations set by the auditors are implemented. Detailed information on main conclusions and progress achieved in implementation of audits’ and monitorings’ recommendations is presented in the Annex 7.

CFCA participated in following monitoring visits within Youth initiatives programme organised by AIPY and SCO:

1. On 14 April 2016 to Iecava multifunctional youth centre (organised by AIPY). Premises of multifunctional youth initiative centre in Iecava are renovated and adapted to the needs of youth centre.

2. On 12 April 2017 to Balvi multifunctional youth centre (organised by SCO). Premises of multifunctional youth initiative centre in Balvi are renovated and adapted to the needs of youth centre.

In compliance with national legislation the Control and Audit Plan of Public Institutions has to be elaborated for the calendar year, however, no system audits are planned in 2017.

Annex 1 “Distribution of youth centres by regions – support development of youth initiatives in rural or disadvantaged regions”

ATBALSTS JAUNATNES INICIATĪVU ATTĪSTĪBAI ATTĀLOS VAI MAZATTĪSTĪTOS REĢIONOS



Latvijas un Šveices sadarbības programmas ietvaros izveidotie multifunkcionālie jauniešu iniciatīvu centri
 Projektu finansē Šveices Konfederācija no Latvijas un Šveices sadarbības programmas līdzekļiem paplašinātajai Eiropas Savienībai

Jaunatnes starptautiskā programmu aģentūra

LATVIJAS-ŠVEICES SADARBĪBAS PROGRAMMA
 LATVIAN-SWISS COOPERATION PROGRAMME

Schweizerische Eidgenossenschaft
 Confédération suisse
 Confederazione Svizzera
 Confederaziun svizra
 Šveices Konfederācija

Kurzeme planning region

Rīga planning region

Zemgale planning region

Vidzeme planning region

Latgale planning region

Annex 2 “Status of Swiss Programme’s actual projects outputs”

Output indicator	Measurement	Responsible institution	Target value according to PA	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs Target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)
1	2	3	4	5	6=5/4	7	8=5+7	9=8/4
Youth initiative programme								
Established and renovated centres in peripheral and disadvantaged regions	number	AIPY	17	26	153%	0	26	153%
In total renovated premises in 17 centres	m2	AIPY	5 837	10 260	176%	0	10 260	176%
Purchased office equipment for 17 centres	units	AIPY	161	236	147%	0	236	147%
Purchased household equipment for 17 centres	units	AIPY	66	458	694%	0	458	694%
Purchased furniture for 17 centres	units	AIPY	1 302	1 783	137%	0	1 783	137%
Purchased sport facilities for 17 centres	units	AIPY	161	927	576%	0	927	576%
Purchased music inventory for 17 centres	units	AIPY	53	134	253%	0	134	253%
Organised seminars for young people	seminars	AIPY	100	106	106%	3	109	109%
	participants		2 000	2 009	100%	60	2 069	103%
Organised regional conferences for young persons and persons involved in youth work	conferences	AIPY	5	5	100%	0	5	100%
	participants		500	507	101%	0	507	101%
Organised international conference for young persons and persons involved in youth work	international conference	AIPY	1	1	100%	0	1	100%
	participants		250	250	100%	0	250	100%
Organised regional forums for young persons and persons involved in youth	regional forums	AIPY	5	5	100%	0	5	100%

Output indicator	Measurement	Responsible institution	Target value according to PA	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs Target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)
work	participants		500	500	100%	0	500	100%
Organised national forums for young persons and persons involved in youth work	national forums	AIPY	2	2	100%	0	2	100%
	participants		500	500	100%	0	500	100%
Organised seminars for persons involved in youth work	seminars	AIPY	60	72	120%	2	74	123%
	participants		1 200	1 402	117%	40	1 442	120%
Elaborated methodological and training materials	number	AIPY	15	15	100%	0	15	100%
Sarkandaugava project (according to PA Amendment No.3)								
In accordance with LR law „On Pollution” paragraph 44, for Site I and Site II a pilot phase and an elaborated remediation work programme took place	N/A	SES	N/A	Done	100%	0	Done	100%
In accordance with Law “On Environmental Protection” of 02.11.2006. in Site III a pilot phase and an elaborated environmental pollution elimination measure plan took place	N/A	SES	N/A	Done	100%	0	Done	100%
Oil products of 380 tons (Site I), of 606,2 tons (Site II) have been reduced (PA Amendment No.2 - 900 tons)	tons	SES	986	1 103	112%	0	1 103	112%
Floating oil products of 556,35 tons and polluted ground along the waterfront of 5 382 tones, including 590 tons asphalt-like layer (Site III) have been eliminated, waterproof barrier (363x6	tons of oil products	SES	556	557	100%	0	557	100%
	tons of polluted ground		5 382	5 444	101%	0	5 444	101%

Output indicator	Measurement	Responsible institution	Target value according to PA	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs Target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)
meters) including drainage has been installed (<i>PA Amendment No.2 - 536 tons oil products, 5238 tons polluted ground, waterproof barrier - 328x6 meters</i>)	meters of waterproof barrier		363	363	100%	0	363	100%
Additional set of measures to ensure sustainability on Site II: a 110 meters long drainage system has been installed	N/A	SES	N/A	Done	100%	0	Done	100%
Pollution with floating oil products of ground water has decreased 60-70% in Site III <i>Note: Has decreased to 74%</i>	N/A	SES	N/A	Done	106%	Done	Done	106%
In accordance with the Cabinet of Ministers Regulations No. 118 "Regulations on surface and ground water quality" (12.03.2002), the pollution of underground water has decreased 60-70% in Site I and Site II <i>*Note: Information is under evaluation</i>	N/A	SES	N/A	In progress	100%*	Done	Done	100%*
The waste generated during the remediation is disposed by a licensed waste disposal company in accordance with the EU and national regulations	N/A	SES	N/A	Done	100%	0	Done	100%

Output indicator	Measurement	Responsible institution	Target value according to PA	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs Target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)
A comprehensive assessment of the legal framework for remediation of polluted sites is carried out and suggestions for improvements thereof developed <i>Note: will not be implemented due to summited tenders' complains regarding the procurement, what resulted in lack of time to implement activity</i>	report	SES	1	Will not be implemented	0	0	Will not be implemented	0%
The seminar/workshop on remediation of the polluted sites in Latvia took place with at least three international experts invited	conference	SES	1	In progress	0%	1	1	100%
Financial reporting project								
Identified International Financial Reporting Standard's (IFRS) training needs and the scope of training	N/A	MoF	N/A	Done	100%	0	Done	100%
Prepared and agreed with the stakeholders content of the IFRS training program	N/A	MoF	N/A	Done	100%	0	Done	100%
Prepared and had translated IFRS training materials	N/A	MoF	N/A	Done	100%	0	Done	100%
Proposed and agreed with the stakeholders the timing and location of the IFRS training	N/A	MoF	N/A	Done	100%	0	Done	100%
Delivered the IFRS training and addressed the questions and issues raised by the participants	seminars	MoF	8	8	100%	0	8	100%
	seminar days	MoF	82	82	100%	0	82	100%

Output indicator	Measurement	Responsible institution	Target value according to PA	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs Target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)
Stakeholders confident that their technical specialists have obtained desired IFRS training	participants	MoF	210	240	114%	0	240	114%
Guide on accounting organization and documents issued for limited liability companies	guide	MoF	1	1	100%	0	1	100%
Identified International Standards on Auditing (ISA) training needs and the scope of training	N/A	MoF	N/A	Done	100%	0	Done	100%
Prepared and agreed with the stakeholders content of the ISA training program	N/A	MoF	N/A	Done	100%	0	Done	100%
Number of ISA training sessions provided	seminars	MoF	8	8	100%	0	8	100%
	seminar days		33	34	103%	0	34	103%
Number of participants attending ISA trainings	participants	MoF	210	360	171%	0	360	171%
Results of the survey of ISA training participants	N/A	MoF	N/A	Done	100%	0	Done	100%
Up to date ISA used for the training purposes <i>Note: According to overview of participants' evaluations - more than 96% of responded that training matched their needs and would be useful in professional practice</i>	N/A	MoF	N/A	Done	100%	0	Done	100%

Output indicator	Measurement	Responsible institution	Target value according to PA	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs Target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)
Translation of the ISA training program aligned with terminology in the translated ISA	N/A	MoF	N/A	Done	100%	0	Done	100%
Stakeholders needs met in terms of the number of individuals trained (ISA) <i>Note: In 2011 responding to high demand to participate in ISA training, particularly among LASA members, 2 additional ISA courses were delivered</i>	N/A	MoF	N/A	Done	100%	0	Done	100%
IT system for the oversight of the sworn auditors	IT system	MoF	1	In progress	30%	1	1	100%
IT system for Latvian medium and small size commercial companies of sworn auditors	IT system	MoF	1	1	100%	0	1	100%
Public oversight of auditors and quality assurance (POS/QAS)	study visits	MoF	5	5	100%	0	5	100%
Guide to applying administrative violations principles published and used by the competent authority	guide	MoF	1	In progress	0%	1	1	100%
Report on quality and competitiveness of Latvian auditing market in 2015 used by the competent authority under EU Regulation No.537/2014 <i>Note: Will not be implemented as MoF did it by itself</i>	report	MoF	1	Will not be implemented	0%	0	Will not be implemented	0%

Output indicator	Measurement	Responsible institution	Target value according to PA	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs Target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)
Outline of annual report developed. The outline is filled in and submitted to the competent authority by the sworn auditors auditing public interest entity`s (PIE) and used by the competent authority for oversight and monitoring <i>Note: MoF will develop outline by itself because MoF can elaborate this outline better than service provider due to gained experience in the oversight of sworn auditors.</i>	outline	MoF	1	Will not be implemented	0%	0	Will not be implemented	0%
Guide for municipalities in order to enhance cooperation with the sworn auditors during the financial and performance audits published and used by municipalities (there are 119 municipalities in Latvia)	guide	MoF/LASA	1	In progress	0%	1	1	100%
Guide to financial and performance auditing published. The guide is used by sworn auditors who audit state or municipalities` institutions, inter alia, municipalities <i>Note: Implementation of International Standards of Supreme Audit Institutions in Latvia are planned only in May 2017, thus the guide cannot be developed by the end of project</i>	guide	MoF/LASA	1	Will not be implemented	0%	0	Will not be implemented	0%
Qualification examination programs for the sworn auditor candidates updated <i>Note: Delivered in February 2017</i>	examination programme package	MoF/LASA	1	In progress	0%	1	1	100%

Output indicator	Measurement	Responsible institution	Target value according to PA	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs Target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)
Training program for the sworn auditor candidates prepared <i>Note: Delivered in January 2017</i>	training programme	MoF/LASA	1	In progress	0%	1	1	100%
Success rate of sworn auditors passing the qualification exam <i>*Note: The first exams within updated programme are planned from August - December 2017, therefore the first results would be available only in the Project Completion Report</i>	N/A	MoF/LASA	N/A	In progress	0%	Done*	Done*	100%*
Guide on establishing, operating and oversight of public interest entity's (PIE) audit committee published and used by Financial and Capital Market Commission, Nasdaq Baltic (stock exchange), and PIEs whose obligation is to establish an audit committee.	guide	MoF	1	In progress	0%	1	1	100%
Report analysing the differences between IFRS, national standards and tax accounting delivered: 1) study on the current situation in Latvia with respect to the relationship between tax accounting and general purpose financial reporting	report	MoF/CFRR	1	1	100%	0	1	100%
2) comparative study on the relationship between tax accounting and financial reporting in selected European countries	report		1	1	100%	0	1	100%

Output indicator	Measurement	Responsible institution	Target value according to PA	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs Target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)
Changes to streamline the system proposed	N/A	MoF	N/A	Done	100%	0	Done	100%
Training needs identified of tax inspectors	N/A	MoF	N/A	Done	100%	0	Done	100%
Training for tax inspectors developed and delivered <i>Note: MoF and its cooperation partners have elaborated a project of National tax policy guidelines for 2018 – 2021, which submission to the Government is planned in April 2017. As the guidelines already includes proposals for tax reform - exchange experience in the Netherlands is no longer necessary and seminar on Risk Based Tax Assessment (a study trip to the Netherlands) will not be performed.</i>	seminar	MoF	2	1	50%	0	1	50%
Survey of training participants (tax inspectors) performed <i>Note: CFRR didn't performed survey due to lack of resources</i>	N/A	MoF/CFRR	N/A	Will not be implemented	0%	0	Will not be implemented	0%
Study visit to Austria	study visit	MoF	1	1	100%	0	1	100%

Output indicator	Measurement	Responsible institution	Target value according to PA	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs Target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)
Methodology for evaluating the size of shadow economy in industry developed and used by competent authority <i>Note: MoF and its cooperation partners have elaborated a project of National tax policy guidelines for 2018 – 2021, which also includes measures for active combat the shadow economy. In order to carry out these measures it would be necessary to make changes in the national legislation and only after MoF would be able to conclude, whether methodology for evaluating the size of shadow economy in industry is necessary</i>	methodology	MoF	1	Will not be implemented	0%	0	Will not be implemented	0%
ROSC report	report	MoF	1	1	100%	0	1	100%
Project's final financial audit report	report	MoF	1	0	0%	1	1	100%
Translation of Guide to Using International Standards on Auditing in the Audits of Small and Medium - Sized Entities (Third Edition; Published: Nov 09, 2011) done	N/A	MoF	N/A	Done	100%	0	Done	100%
Relevant permissions for publications of translated guide obtained	N/A	MoF	N/A	Done	100%	0	Done	100%
Translated guide published on the MoF home page	pages	MoF	566	566	100%	0	566	100%

Output indicator	Measurement	Responsible institution	Target value according to PA	Achieved by 31.12.2016.	Actual progress by 31.12.2016. vs Target value (%)	To be achieved in 2017	Total expected achievement	Total expected achievement vs target value (%)
Project's publicity measures, writing-materials for seminars needs and posters with Swiss Contribution Logo, final publicity measures such as closing event and news articles <i>Note: Project's final publicity measure is planned to be implemented as drawings about project's results (situation before and after)</i>	N/A	MoF	N/A	In progress	50%	Done	Done	100%

Annex 3 “Priorities and financial progress, exc. national co-financing”

Swiss Programme covers 4 priority sectors with 5 focus areas and special allocations. Data presents financial progress achieved in each focus area.

Priority sector	Focus area	Title of the project	EA/Line ministry	Committed grant, CHF	Utilized grant within the project, CHF (till end of 2016)	% (utilized grant vs. committed grant) till Dec 2016	Reimbursements received from Switzerland (till end of March 2017)	% (reimbursements received vs. committed grant) till end of March 2017	Unused funds within the project, CHF (till end of 2016)	Project completion dates
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	13 769 767	100	0	30.06.2011
		Fire safety project	SRDA/MoEPRD	2 379 730	2 228 610	93,6	2 228 610	93,6	151 120	31.05.2015
		Youth initiatives programme	AIPY/ MoES	4 000 000	3 591 297	89,8	3 360 061	84,0	408 703	31.03.2017
	2.Modernisation of the judiciary	Courts modernisation project	CA/MoJ	8 000 000	7 963 162	99,5	7 963 162	99,5	36 838	31.12.2013
II.Environment and infrastructure	3.Rehabilitation and modernization of basic infrastructure	Sarkandaugava project	SES/ MoEPRD	13 000 000	10 721 364	82,5	9 599 073	73,8	2 278 636	13.06.2017
III.Promotion of the Private Sector	4.Improved regulation of the financial sector and improving access to financing	Financial Reporting project	MoF	1 533 827	1 240 663	80,9	1 225 901	79,9	293 164	13.06.2017
		Micro lending programme	ALTUM/ MoE	7 923 078	7 923 078	100	7 923 078	100	0	31.01.2015
IV.Human and Social Development	5.Research and development	Scholarship fund	CRUS/ SEDA	2 283 788	2 175 088	95	2 175 088	95	108 700	31.03.2016
		Swiss researchers activities	SEDA/ MoES	216 212	210 295	97,3	210 295	97,3	5 917	30.09.2015
Special allocations	NGO fund	NGO fund	SIF	3 500 000	3 332 503	95	3 332 503	95	167 497	30.04.2013
	TAF	TAF	MoF	132 255	117 018	88,5	117 018	88,5	15 237	13.06.2017
	PPF	PPF	MoF	141 343	141 343	100	141 342	100	0	30.06.2011
Total				56 880 000	53 414 188	93,9	52 045 899	91,5	3 465 812	
									Including completed	470 072
									Including in implementation	2 995 740
Actual projects within reporting period										

Annex 4 “Summary of External Study for Youth initiatives programme”¹³

Research findings and recommendations

This chapter summarizes the study findings, recommendations and research based proposals of the target groups (youth, local governments, schools and youth workers) for the further development and operation of multifunctional youth initiatives centres (hereinafter – MYIC). They concern different MYIC operational aspects, including training for youth workers to improve further development of MYIC and other Programme directions – training, support activities as well as overall Programme’s implementation issues.

Research findings

1. The Program’s quantity indicators related to the establishment of MYICs, the number of trainings provided, the attendance of trainings and events have been met (even exceeded); the Program quantity indicators pertaining to the methodological materials have also been met. A uniform regional coverage has been ensured in the implementation of the Program’s components.
2. Overall, the Programme has resulted in a substantial positive impact upon the development of youth environment, the enhancement of knowledge and skills of workers and activation of youth. In the course of Programme implementation, the public awareness of youth about youth centres has improved and, hence, it has resulted in more visits. Also, the awareness by youth of non-formal education and benefits thereof has improved.
3. The establishment of MYIC has substantially strengthened the support environment for youth related activities and work, it has also enhanced motivation of youth to involve in meaningful leisure activities and participate in non-formal education. MYIC have also resulted in a number of other positive spill-over effects, such as more active involvement by local government in work with youth, improved urban environment, etc.
4. MYIC are of great importance to young people’s lives, because 49,01% of the surveyed youths attend the centre three or more times a week. The key motivation by youth to visit MYIC are opportunities to have a good time and participate in interesting events and trainings.
5. Young people appreciate experience gained in MYIC organised events and activities. The impact of non-formal education on youth is related more to personal benefits: trainings have enhanced self-confidence and courage, ability to formulate and express their views, ability to accept different opinions, communicate, teamwork, take the initiative and responsibility.
6. Training and events undertaken within the framework of the Program have encouraged impetus to new initiatives, cooperation and active participation not only in the personal lives of the participants but also in youth initiatives, centres and society at large.
7. Training and events have had a positive impact on youth workers’ competences and capacity; they have resulted in cooperation and exchange of experience in the field of youth both on regional and national level.
8. The sustainability of impact of training and events in the long run is adversely affected by the high turnover of MYIC human resources: although the coverage of training and

¹³ Extract from Ltd. “Dynamic University” study “On the impact of activities undertaken within Youth initiatives programme” in the period from September 2016 to February 2017, 2017

events of the Program has been comprehensive, the training needs of youth workers are still outstanding.

9. Thematically the training opportunities offered within the framework of the Program have been consistent with the actual needs of the target audience of youth and youth workers. Important topics, which need to be continued to strengthen the youth staff competences include enhancing entrepreneurial skills for youth, fund raising for the needs of MYIC, the representation of the interests of youth in the local government, cooperation with local governments, development of cross-sectoral cooperation, as well as work with youth with disabilities and social work.
10. The coverage of the youth workers in the training and events of the Program has been comprehensive. However, the impact of training is being impaired by the high turnover of the human resources. To maximize the positive impact on the training of youth workers, the study recommends supporting regular exchange of experiences and mutual consultations between the representatives of MYIC.
11. Comparatively less represented in the training of youth are young people with disabilities. Also, the employees of local governments have been insufficiently involved in youth worker trainings. The study recommends defining more specific training topics and more targeted calls for trainings all aimed at enhancing interest of more versatile groups of youth and persons involved in work with youth.
12. In order to ensure the sustainability of the training, the study recommends to support knowledge transfer from youth and youth workers. This could be achieved by actively developing work with young people – leaders, as well as the involvement of youth workers in the development of trainings for youth and enhanced mutual cooperation.
13. The methodological materials developed within the framework of the Program have not been used at the maximum capacity: both the youth and the MYIC representatives are not highly familiar with the materials and use them rarely. Although their quality and relevance has been rated positively, the dissemination of these materials has been less effective.
14. Both the representatives of schools and local municipalities appreciate the operation of MYIC and its role. Schools and local governments rate positively the impact of trainings and events on youth. School representatives link the success of MYIC not only to the personal development of the youths, but also to more proactive, motivated and positive pupils, which is a significant benefit to schools. Whereas local governments highlight MYIC positive effect on the promotion of youth activities and public participation.
15. From the public perspective youth centres have an equally educational, social and community role. More than half of respondents agree that youth centres in general result in material benefit to youth and general public, hence confirming appreciation of operation of such centres. Public awareness of youth centres in remote regions and towns is higher than in Riga Planning Region.
16. MYIC have positive future prospects which confirms that there will be no significant obstacles to the long-term sustainability of the MYIC operation in the predefined 10 year period. At the same time, it should be noted that although the local governments contractual obligations to MYIC have a positive impact on their maintenance, that does not translate into the local governments interest and support to a holistic work with the youth.
17. A prerequisite for the development of MYIC is cooperation with local government as the key entity responsible for the youth policy in the district and for the sustainability of the centre. At the same time cross—sectoral cooperation on local government, regional and national scale shall be strengthened.

18. The most important prerequisite for a successful operation of MYIC is human resources. Overall, the survey results demonstrate that local governments are aware of the shortage of human resources in MYIC, which shall be deemed a positive sign for the personnel of these centres and gives hope for future improvements.
19. Funding is an essential aspect of MYIC operation, particularly in the long term, hence it is recommended to work more actively on fund raising, entrusting the centres and local governments with identifying fund raising opportunities, as well as supporting MYIC's competences in funding attraction through mutual exchange of experience and training. Local governments emphasise the necessity to attract 3rd party funding to MYIC as the most important aspect to be strengthened.

Target group recommendations

Youth

27.96% of the young people surveyed consider that "everything is very well" in MYIC, however, others had several recommendations to improve the operations of the MYIC; they are as follows:

1. more spacious and modern facilities;
2. encouraging attendance, to involve more young people in the events and activities of the centre;
3. more events and activities for youth;
4. To develop cooperation with schools.

Young people also point out what knowledge and skills they would like to obtain through their involvement with MYIC:

1. creativity and initiative (49.34%);
2. communication skills (46.71%);
3. presentation and persuasion skills (37.83%);
4. project management skills (33.88%);
5. self-awareness (32.57%);
6. digital literacy (21.71%);
7. crafts (17.43%).

School representatives

School representatives refer to the following skills and competences that could be trained and developed by means of youth work in MYIC:

1. ability to take responsibility, time management;
2. initiative and autonomy;
3. social interaction and communication skills;
4. leadership and entrepreneurial skills.

Although school representatives highly appreciate the importance and impact of non-formal education, unlike other groups they assessed the key role of MYIC to be predominately social.

Local government's representatives

The representatives of local governments point out the following aspects that should be strengthened in MYIC operations:

1. fund raising (public, various funds, donors) (62.96%);
2. raised number of employees (44.44%);
3. closer cooperation with schools (40.74%);
4. higher attendance of MYIC (29.63%);
5. improved qualifications of the employees (29.63%);
6. closer cooperation with social services (25.93%);
7. increased public awareness (25.93%);
8. increased activity of MYIC (25.93%);

9. financial support from local government (14.82%).

In addition, local government representatives also indicate the outcome that MYIC are expected to deliver:

1. improved organization of youth work;
2. strengthened youth patriotism;
3. encouraged youth initiatives and activities;
4. cooperation with other organizations in the municipality;
5. safe social environment;
6. increased youth participation in the policy-making processes of the local government.

Youth workers

During the focus group discussions youth workers pointed towards the following topics that they thought should be included in the training and methodological materials:

1. social risk groups and an informal approach to work with them;
2. how to work with youth not in education, employment or training;
3. how to solve the conflict situations of youths;
4. guide for the youth centre manager/employee, that includes information about solutions to economic issues;
5. involvement of young people who are “different”;
6. organization and management of events.

During the focus group discussion MYIC employees expressed their recommendations for sustainability of the Programme in future:

1. supporting MYIC employees and young people by providing specialist consultation (for example, trainers, psychologists, social pedagogues, etc.);
2. supporting MYIC in maintenance and other household matters (such as repairs);
3. designing and running a separate project competitions for youth initiatives (it should be simple and easily comprehensible in order to allow young people to participate themselves);
4. supporting professional development of the MYIC employees (by organizing training events, courses, non-formal education activities to teach, motivate and sustain);
5. organizing experience exchange visits between MYIC in Latvia;
6. creation of mutual consultation network for MYIC;
7. developing peer learning principle “youth to youth” (where young people could teach each other about what they know and can do);
8. running personal growth trainings for both the youth workers and young people;
9. creation and distribution of case studies and good practices examples (of peers, and eminent people).

Research based recommendations for the further development of MYIC

Assessing the findings on the implementation and results of the study on the Latvian – Swiss cooperation programme, including interviews with experts and MYIC representatives, as well as the surveys that were carried out as a part of the study, this research draws several recommendations for further development of the Programme. This chapter summarizes the recommendations taking into consideration the expected end of the Programme on 31st March 2017 and the long-term contractual obligations as provided in the terms and conditions of the Programme. Nevertheless, these recommendations are not based in the speculations about the possible continuation of the Programme in the foreseeable future. In total, 17 recommendations for the future operations of MYIC as well as the long-term monitoring of the Programme have been formulated (see table 1). The majority of these recommendations are addressed to AIPY which is responsible for the implementation of the Programme (12

recommendations), nevertheless several of these recommendations are also relevant to MYIC, MoES and local governments.

Table 1: Research based recommendations and respective recipients.

No.	Recommendations	MYIC	LOCAL GOVERNMENTS	AIPY	MoES
PART 1: RECOMMENDATIONS FOR DEVELOPMENT OF MYIC					
1.	Develop a network of youth work in the parishes	X	X		
2.	Explore the local situation, the wishes and needs of young people	X	X		
3.	Represent the interests of young people in the municipality (cross-sectoral context)	X			
4.	Adapt the working hours of MYIC primarily to the needs of young people	X			
5.	Municipalities and MYIC make joint agreement upon the social role of the MYIC in the municipality	X	X	X	X
6.	Develop MYIC strategy, taking into consideration the local situation and needs of local young people	X			
7.	Involve volunteers in youth work more actively	X		X	
8.	Continue educating local governments on MYIC relevance and sustainability			X	X
9.	Improve fund raising competences of MYIC, youth workers and local governments	X	X	X	X
10.	Promote mutual consultations and experience exchange between MYIC	X		X	
PART 2: RECOMMENDATIONS FOR TRAINING AND SUPPORT					
11.	Continue educational and methodical support to MYIC employees			X	X
12.	Diversify the assortment of MYIC support activities			X	
13.	Youth workers as youth trainers (<i>train-the-trainer</i>)			X	
14.	Broader engagement of youth workers and the target audience			X	
PART 3: RECOMMENDATIONS FOR IMPROVING THE PROGRAMME					
15.	Develop separate preservation conditions for the inventory of little value			X	X
16.	More active distribution of methodological materials			X	
17.	Reevaluate the content of the Programme sustainability monitoring reports			X	X

Part 1: Recommendations for development of MYIC

1. Develop a network of youth work in parishes

Data shows that MYICs that have been formed as a result of the Programme in all cases are the only youth centres in the nearby area (towns, parishes). In 14 out of 26 municipalities that have participated in the Programme and formed MYIC it is the only youth centre in the municipality. Although the Programme has strengthened the network of the youth centres in some regions of Latvia, remote and underdeveloped parishes are still a common occurrence even in the regions that have formed the MYIC. The centres of these parishes lack a gathering place for young people. Among municipalities participating in the Programme, several examples show that nearly full coverage of all the young people in the municipality is possible. For example, in Jelgava and Rēzekne municipalities there are youth coordinators in

every parish. In the Jelgava municipality youth coordinators lead the work with youths in every parish while the MYIC serves as the resource centre for work with youth. Other youth centres and youth initiatives of the municipality can borrow the necessary inventory from the MYIC and use its premises for the organization of larger events. The benefit from such an approach to youth work are – the ability to reach a significantly larger proportion of the target audience, utilize the MYIC resources more fully throughout the municipality. It should be stressed that, in developing such an approach to youth work, efficient governance is essential, e.g. highly professional youth specialist should take the responsibility for managing and coordinating youth workers and other resources.

2. Explore the local situation, young people's wishes and needs

In order for the youth policy planning to be based on evidence, it is important to carry out regular surveys among young people about working with youth in the municipality, identifying their views on issues that are relevant to them. The analysis of the youth planning documents in different municipalities show that only nine out of 26 municipalities in which the MYIC have been formed, base their planning document on relevant issues to the youth, problem analysis and statistic, whereas in the other cases the current situation was not evaluated. More often than not MYIC also haven't implemented a systematic approach to gathering and analysing the information related to the interests, needs and views of the youths in their region. The assessment of young people not only provides feedback and opportunities for developing the operations of MYIC and their activities, but could also become a way of promoting participation of young people – young people would know that they are considered, taken into account and recognized.

3. Represent the interests of young people in the municipality (cross-sectoral format)

A systematic approach to ascertain young people's needs and interests would be beneficial not only for making youth policy and planning support activities, but also for representing the interests of young people in the municipality, as well as on regional and even national level. In municipalities that have an active youth council or other similar bodies, the representation of the interests of young people could be done in cooperation with them. Representation of youth interests would be particularly important in the cross-sectoral context, reaching a variety of municipal areas and services – education, social, development, employment, tourism and others. Burtnieku municipality is a good example for this kind of cooperation, as their youth specialist (also the head of the MYIC) takes part in monthly meetings for the representatives of the municipality educational institutions.

4. Adapt the working hours of MYIC primarily to the needs of young people

As MYIC managers often must undertake various administrative, maintenance and centre development responsibilities, then, in some cases, the working hours of the MYIC are more adapted to the needs of the staff than the needs of the youths. However, taking into consideration the terms and conditions of the Programme and the specifics of the work with young people, the working hours should be balanced with the needs of the young people.

5. Municipalities and MYIC make joint agreement upon the social role of the MYIC in the municipality

The study shows that in some municipalities the attitude towards MYIC involvement in social work is not clearly articulated. Among municipalities participating in the Programme there are some who are aware of the social support needs of young people and see MYIC as an opportunity to tackle them. At the same time others associate youth work primarily with active and talented young people. Yet again, the identification and analysis of the local situation is of utmost importance. It should be stressed that the decision on the role and social importance of MYIC should be made jointly and unanimously involving both the centre and municipal representatives, since such a decision impacts the necessary resources and support of the centre. In order to practically promote the support of the MYIC and local government

to young people in social risk groups, the MES and AIPY could develop and implement youth inclusion evaluation guidelines, organise seminars and other supportive measures about social work in the field of youth, to youth workers and local government representatives.

6. Develop MYIC strategy, taking into consideration the local situation and needs of young people

Planned work with youth in the municipality is marked by the planning document; just the same – targeted work with local young people would be supported by an operational strategy of MYIC. The study shows that 9 out of 26 MYIC have an operational strategy (Aluksne, Balvi, Gulbene, Jelgava, Koceni, Madona, Ozolnieki, Saldus, Skrunda). It is important that the document doesn't overlap with the municipalities youth work planning strategy (if any), but is based on it and supplements it with specific objectives, planned activities as well as deliverables. MYIC strategy must be based on the exploration of current situation, has to contain a defined target audience, identified courses of action, measures that must be taken and the deliverables of specific period.

7. Involve volunteers in youth work

The most important challenge in day-to-day work of the MYIC is the limited human resources, resulting in a less intense practical youth work than preferred by the staff and the heads of MYIC. Up to now involving volunteers with the work of the MYIC in order to attract additional human resources has been used rarely. Nevertheless, some municipalities have successfully demonstrated that this approach benefited the workers of MYIC, the youths as well as the volunteers. For example, Aluksne county MYIC is a good example of attracting volunteers from abroad. On the other hand Jelgava county MYIC has on multiple occasions attracted unemployed youths within the framework of the State employment agency of Latvia programmes. In other centres youths are attracted within the framework of the EU volunteer work programme.

8. Continue educating local governments on MYIC relevance and sustainability

MYIC and local governments should work closely together in order to achieve common goals in practical work with the youth. The study confirms that, within their capabilities the local governments ensure financial support to MYIC. Nevertheless, the same cannot be said about the strategic and methodological support. In addition, differing, even conflicting opinions on youth work can be encountered not only among different local governments but also among the employees of the same municipality. Although local authorities are familiar with the contractual obligations of the Programme, they are not familiar with the conceptual conditions of the Programme and its planned impact. In this respect the most critical situation is in the municipalities where the position of youth specialist has not been established. In order to support MYIC and promote awareness about the Programme and work with the youth among the local governments, educational and informative efforts should be continued even after the end of the Programme implementation. This should involve both MES and AIPY representatives. While promoting awareness, it is essential to highlight the characteristics of youth as a cross-sectoral area and to offer examples of cooperation opportunities at the level of the municipality.

9. Improve fund raising competences of MYIC, youth workers and local governments

In the survey, local government representatives indicated that the most important operational aspect of MYIC to strengthen is the knowledge and skills to raise additional funds. The survey of the MYIC employees showed that youth workers are open and optimistic about raising additional funding to youth initiatives and the operations of MYIC. There are several successful examples of MYIC cooperating with youth NGO's and using their knowledge of raising funds. However, in order to improve MYIC expertise in raising funds, it is recommended that MES and AIPY support MYIC experience exchange and other support measures.

10. Promote consultations and experience exchange between MYIC

Within the Programme framework the encouragement to cooperate and exchange experiences among employees representing various MYIC was limited. Largely, it was left in the hands of the employees and on most cases depended on their initiative. However, all MYIC employees share similar interests and issues. During the focus group discussion with the MYIC representatives, many participants pointed out that it would have been useful to receive consultations from more experienced colleagues from other MYIC about various strategic and operational issues, such as selecting the location of MYIC, furnishing, internal procedures and regulations, working hours, activities, marketing, etc. A good opportunity to meet and share was the joint study visit of MYIC representatives to Switzerland. This paper, therefore, recommends to organize experience exchange events on a regular basis, for example, supporting MYIC-to-MYIC visits and closer cooperation.

Part 2: Recommendations for training and support

11. Continue educational and methodical support to MYIC employees

The conclusions of the study indicate that during the course of the Programme the target audience's understanding about non-formal education and its importance has grown. The intensive supply of training and events has certainly contributed to the competences of youth workers. Nevertheless, the training needs of the youth workers are still rather vast and include the acquisition of work with youth key areas, for example project management, communication, working with young people who have disabilities¹⁴. It can be explained with the pronounced turnover of the human resources and the weak succession traditions within MYIC. At the same time, it also confirms the need to form a strategic and long-term approach to the development of youth worker skills and continue educational and methodological support to MYIC employees.

12. Diversify the assortment of MYIC support activities

The Programme support activities have been dominated by training and events that were supplemented with forums and conferences. But other forms of support measures, for example, tasks, competitions, the idea cup, exhibitions, etc. have not been used within the framework of the Programme. In the focus group discussion MYIC representatives pointed out that specialist advice and mentoring, as well as structured mutual exchange of experience and counselling would be useful. As the dominating support measure of the Programme has been training seminars, the reach of the target audience respectively has been rather limited (if compared to total number of MYIC audience or number of young people in regions). Therefore, in this respect alternative forms of support must be considered that could potentially deliver higher reach. Experts point out the necessity to develop the practical skills and experience of youth, therefore the activities for youth could take the form more as practical tasks and involve practical interaction of the young. The format of the training that has been selected within the framework of the Programme – training for three days – is well suited for non-formal education needs and contributes to reaching the goals it. At the same time, it is also very resource-intensive: while MYIC employees are in training centre can be closed to young people; while in order for young people to participate in training they have to skip school.

13. Youth workers as youth trainers (train-the-trainer)

In order to achieve greater training reach and influence, youth workers could undergo specially organized training that would prepare them for leading further training to the young people of MYIC. To youth workers who have accumulated practical long-term experience of working with young people and are specialists in their areas, international trainer preparatory

¹⁴ MES Survey about Work with Youth on Local Municipalities of Latvia in 2015.

coaching events would be the most appropriate. Consequently, youth workers would acquire new skills that can be applied in all MYIC. At the same time, young people would benefit of more available trainers that are experienced in youth work. It would also widen the reach of training audience.

14. More active involvement of various target audience groups

It is recommended to involve more diverse groups of youth workers in trainings and other events, such as school teachers and extra-curriculum organisers, social educators, social workers and others. Another welcome target audience group should be the government representatives that are not youth specialists but related to policies that influence youth. With respect to youth itself, it is recommended to achieve the involvement not only of active, but also of other youth groups as well. The Programme (including training, events and the methodological materials) has had a comparatively limited influence on the Russian speaking audience as well as other minority groups. While maintaining the training and event compliance with the National language law, separate events and activities could be adjusted to translation, in order to integrate in to youth work those groups who do not use Latvian as their conversation or work language.

Part 3: Recommendation for improving the programme

15. Develop separate preservation conditions for the inventory of little value

The terms and conditions of the Programme require the preservation and renewal of all the material resources acquired within the framework of the Programme. These terms also concern the small equipment such as dishes, candlesticks, coat hangers, board games, and other stuff that breaks easily, quickly wears out or disappears. In order to comply with the condition of material resource preservation, MYIC have to repeatedly purchase these things. It could be prevented by making separate terms and condition for the preservation of the small equipment.

16. More active distribution of methodological materials

Even though the methodological materials developed within the framework of the Programme are qualitative and thematically useful, their use in youth work could be stimulated with a more proactive marketing and distribution activities. Social networks and the homepages of MYIC could be used for this purpose. Moreover, the printed materials could be distributed through the MYIC while keeping a watch over their demand.

17. Reevaluate the content of the Programme sustainability monitoring reports

It is intended that for the next ten years after the establishment of a MYIC the municipality provides a sustainability reports to the monitoring institutions of the Programme. Some of the surveyed experts pointed out that it would be beneficial to reevaluate what aspect should be included in these reports in order to achieve higher added value to all parties involved - monitoring institutions, youth centres and municipalities.

Annex 5 "Economical development and cooperation between Latvia and Switzerland"

Latvia's economical development in 2016

In 2016 the economic growth in EU continued at a moderate pace of 1.9% in first three quarters. The European economy demonstrated resilience in 2016, as it maintained its course of growth despite of a number of international and domestic challenges including the lowest pace of global growth since 2009, geopolitical tensions, terrorist attacks, UK's vote to leave the EU and a mounting backlash against globalisation. Growth in 2016 picked up slightly towards the end of the year, with the continued support of very accommodative monetary policy, low commodity prices, the euro's relatively low exchange rate.

Latvia's economic growth slowed down to 2.0% in 2016, which is weaker than 2.7% GDP increase back in 2015. The slowdown of Latvia's economic growth was determined mainly by contraction of investment by 11.5% that was caused by delays in the EU Funds disbursement, as well as still slow economic growth in Latvia's main trade partners. Despite the experienced slowdown, the real GDP growth in Latvia remained at the level of average EU growth rate in 2016.

Similarly to previous years, the largest contribution to the Latvia's economic growth in 2016 was provided by domestic demand and sectors related to it. The main driver of growth remained private consumption that expanded by 3.4%. Government consumption grew at a modest pace increasing by 2.7%, while gross fixed capital formation in 2016 compared to 2015 fell by 11.5%.

Exports of goods and services increased by 2.6% at constant prices, while imports increased faster – by 4.4%, and the net exports contribution to GDP growth was negative in 2016.

From the production side, the largest contribution to GDP growth was provided by manufacturing, that increased by 5.6% and other sectors increased (trade by 3.3%, public administration and defence by 3.9% as well as mining, energy, gas and water supply sector by 5.3%.

In 2016, the value added declined only in two sectors - in construction - by 17.9%, as a result of temporary slowdown in EU investment flow, and in real estate activities – by 0.6%.

Economic growth is related to inflation dynamics. In 2016, changes in consumer price level remained very moderate in Latvia, as a result of low energy prices in the world market. In the first half of 2016, consumer price changes were negative, however since July inflation had been resuming gradually, accelerating to 2.2% in December. This dynamics were largely determined by commodities price fluctuations in the world market. Sharp oil price drop in the beginning of 2016 reduced prices for fuel, heating and gas in Latvia. However, equally rapid price increase for food at the end of year mitigated the effect of price drop for goods and services associated with energy resources.

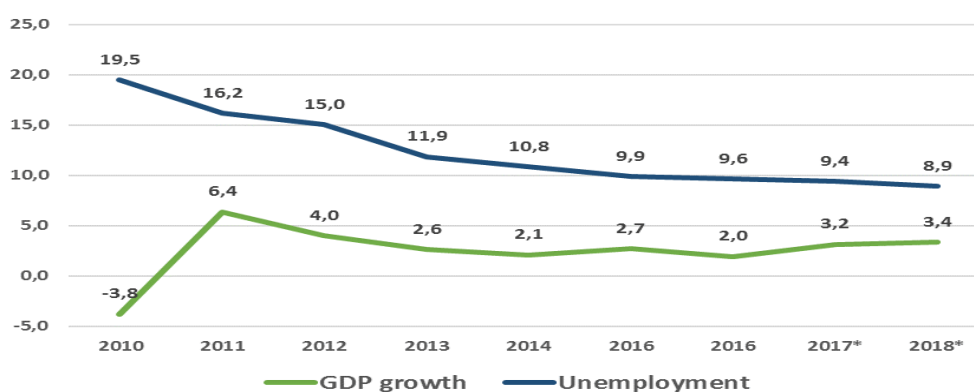
Annual average inflation in Latvia in 2016 was at a historically low level of 0.1%. Prices for goods decreased by 0.7%, while prices for services upheld an upward trend mainly due to price and wage convergence to the EU average level, and increased by 2.2%. In the euro area inflation remained low 2016 as well, - at 0.2% level, determined by the low energy prices as well as the weak economic growth.

The rapid economic growth in the previous years reflected in rising earnings. The average gross wage in 2016 increased by 5.0% year on year, reaching 859 euro, while average real wage grew by 4.7%, driven by low inflation. The average gross wage growth was a bit lower than in the previous two years, when average monthly wage increased by 6.8%. Slower wage growth is related to a smaller minimum wage increase at the beginning of 2016 and a slightly lower economic growth in 2016. Similarly to previous years, the largest wage growth was observed in the private sector - by 5.8% to 845 euro, while in the public sector salary rose by

3.7% to 886 euro. The highest average gross wage still is recorded in Riga region - 971 euro, while the lowest – in Latgale region – 592 euro, demonstrating evident/significant regional disparities and challenges. In 2016 the minimum wage was raised to 370 euro, having a positive effect on real earnings, bolstering both domestic demand and private consumption, thus reducing economic and social disparities between Latvia's regions and EU. In 2017 the minimum wage was raised further to 380 euro.

Steady economic growth in recent years has a positive effect on the situation in labour market and according to data on chart 1 unemployment rates are decreasing since 2010. Following the noteworthy improvements in the years after economic crisis, in 2015 and 2016 improvements in the labour market slowed down slightly influenced by both lower economic growth rate and decline in the number of working age population. Still, the jobseeker rate in 2016 decreased to 9.6% - by 0.3 percentage point year on year, and was the lowest since the pre-crisis period.

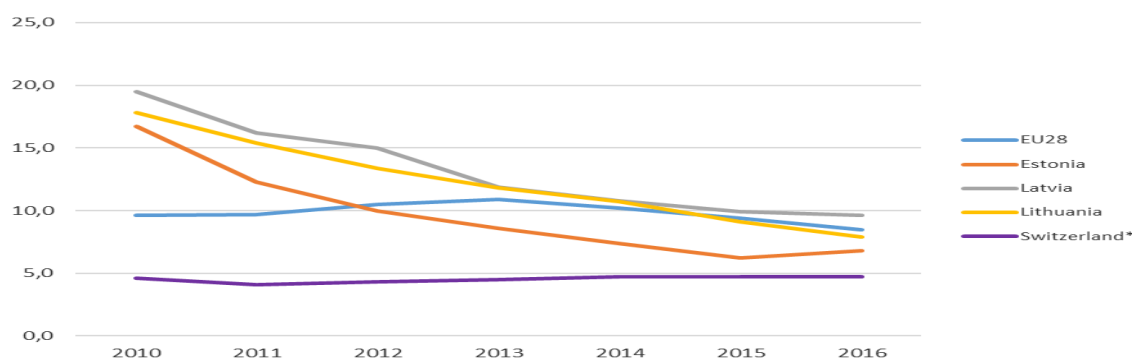
Chart 1 "GDP growth rate and unemployment dynamics in Latvia, %" "



Source: Central Statistical Bureau of Latvia, Ministry of Finance forecast*

The registered unemployment has also been declining at a similar pace - from 9.1% at the end of January 2016 it has decreased to 8.5% at the end of December 2016. The highest registered unemployment rate still was registered in Latgale region – 17.9%, while the lowest – in Riga region - 5.3%. According to statistics data (see the chart 2 below) the unemployment rate in Latvia still is relatively high comparing to neighbouring countries, the EU average and Switzerland.

Chart 2 "Unemployment rate 2010-2016, %" "



Source: Eurostat, * OECD estimated value

Comparatively high unemployment is still related to cyclical factors, nevertheless the features of structural unemployment are becoming more apparent. The share of long-term unemployed

persons in the total number of unemployed has been on a declining trend since the economic crisis, still but it has stabilised in the last two years. In January 2017 the share of long-term unemployed persons (not working for more than a year) in the total number of unemployed persons accounted for 28.2%, having decreased from 29.1% a year ago.

According to macroeconomic forecasts developed by the MoF in February 2017, GDP growth in Latvia in the mid-term will become stronger. In 2017 GDP is projected to increase by 3.2% and growth acceleration to 3.4% in 2018 is expected. The growth will be determined mainly by stronger increase in domestic demand - both private consumption and gross fixed capital formation. Investment growth will be stimulated by improvements in the EU Funds absorption and lending activity, while exports will benefit from stronger global economic growth.

Main risks to Latvia's economic growth are still related to geopolitical uncertainty as well as global political situation including policy of the new US administration, UK's vote to leave the EU and elections in a number of leading EU states. Internal downside factors include persistently low investment level in Latvia, wage growth which exceeds productivity growth that could undermine Latvia's competitiveness as well as insufficient EU Fund investment.

On the positive side, Latvia's economic growth might be boosted by more rapid lending expansion, as well as stronger investment growth relying on businesses' internal resources. Upside risks also include stronger than projected economic growth in Latvia's main trade-partner countries including Russia.

Latvia has got closer to EU medium level of the living standards since joining the EU. In 2004 the GDP per capita in Latvia was only 46% from EU medium level, but in 2015 this indicator has reached already 64%, what is a major achievement. Nevertheless, Latvia still is the fourth poorest EU country following Bulgaria, Romania and Croatia. Thus cohesion politic, 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.

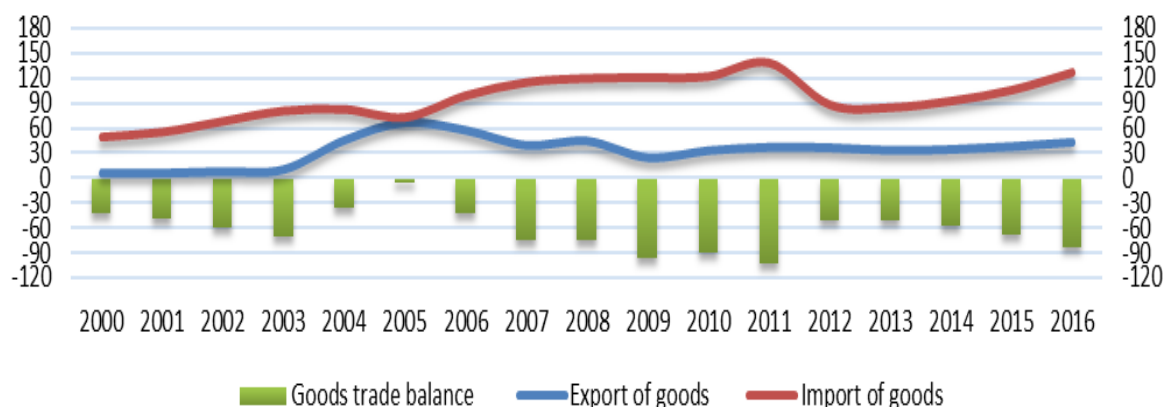
Economic co-operation between Latvia and Switzerland

Economic affairs between Latvia and Switzerland remained remarkably stable over the past decade. It is mostly evident in the amount of bilateral trade and direct investment.

Volume of goods exports to Switzerland has increased more than four times after Latvia's accession to EU in 2004. However, after 2005 volume of export was fluctuating with overall downward trend, after which it grew in 2010 and remained relatively constant until 2015. In 2016, the total Latvian commodity export's value to Switzerland increased by 13.5%, compared to 2015, to 42.9 M euro. Switzerland was Latvia's 30th largest export partner with 0.4% share from total Latvian commodity export in 2016.

In recent years Latvian commodity exports structure to Switzerland has changed remarkably. Until 2008 mineral products consistently has been the largest valued commodity, however base metals exports value dramatic jump by 17.9 M euro increased this commodity share to 42.4% in 2008. However, in the following years base metals exports to Switzerland declined steadily and its share in total Latvia's exports to Switzerland shrank to 1.6% in 2016. Since 2009 the main export commodity category to Switzerland has been transport vehicles and accessories, with a 25.5% share and 10.9 M euro value in 2016. Machinery and electrical equipment category with a 17.0% share of total goods export to Switzerland was the second largest commodity category, increasing by 118.3% in 2016. Wood and articles of wood was the third largest with a 10.3% share and 4.4 M euro value.

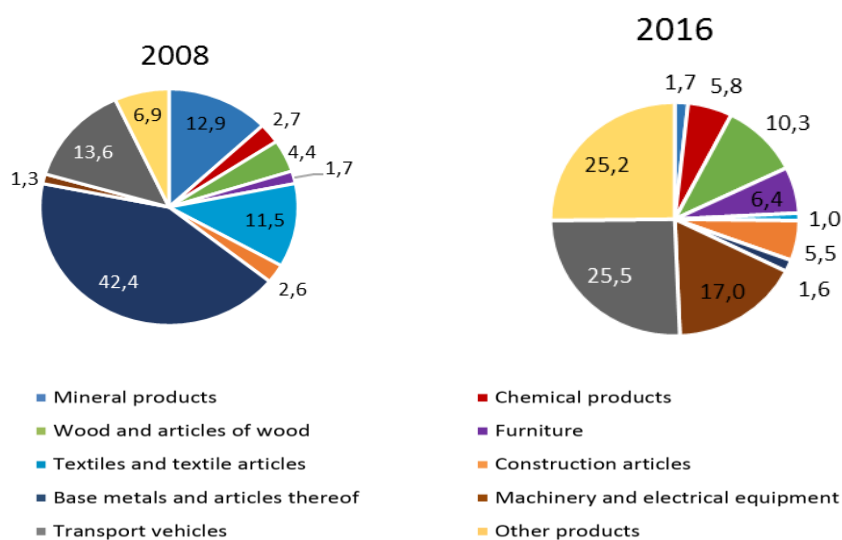
Chart 3 "Latvian and Swiss foreign trade of goods 2000-2016, M euro"



Source: Central Statistical Bureau of Latvia

Among the most rapidly growing exports commodities in 2016 were construction articles, as well as paper and paperboard. These commodities exports value increased by 34.8% and 50.4% respectively in 2016 compared to previous year.

Chart 4 "Structure of exports, % of whole exports of goods to Switzerland in 2008 and 2016"



Source: Central Statistical Bureau of Latvia

In recent years commodity import structure from Switzerland has remained almost unchanged. However, in 2012 commodity import has sharply decreased due to the significant imports fall of chemical products, thereby contributing to smaller negative trade balance between Latvia and Switzerland. The greatest part of total goods imports from Switzerland are high technological with high value added products. Over the years machinery and electrical equipment has remained one of the most important import categories. In 2016 machinery and electrical equipment imports value declined by 20.9%, however, with a 5.2% share of total goods imports from Switzerland it remained the third largest import category.

Chart 5 “Latvian and Swiss foreign trade of services 2000-2016, M euro”

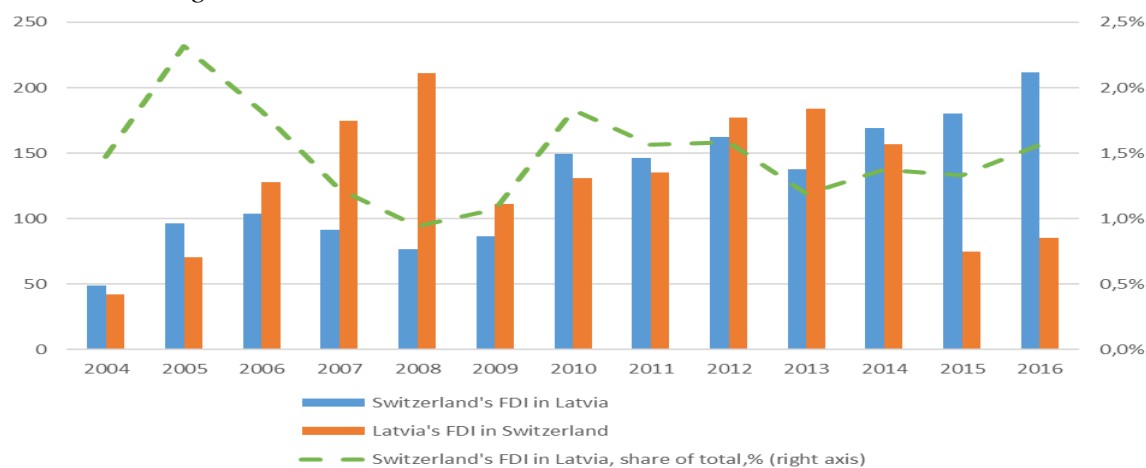


Source: The Bank of Latvia

Exports of services to Switzerland decreased dramatically during the economic crisis, declining almost by one third in 2010. However, it returned to positive growth already the following year. In 2016 value of exports of services declined by 19.9%, compared to 2015, still was more than seven times higher than exports of goods, and Switzerland remained the third largest Latvia’s services exports partner. Value of exports of services provided to residents of Switzerland reached 306.4 M euro or 7.2% of total Latvia’s services exports in 2016.

Most of services were provided in transportation sector (especially rail and sea transport), which is closely related to foreign direct investments (FDI) from Switzerland to transportation and storage sector.

Chart 6 “Foreign direct investment stock 2004-2016, M euro”



Source: The Bank of Latvia

If accumulated foreign direct investment from Switzerland’s in Latvia noticeably decreased in 2013, then already in 2014 FDI stock returned to positive growth. Moreover, FDI stock continued growth and reached historically highest level of 211.5 M euro in 2016. Compared to 2015, total accumulated FDI from Switzerland increased by 17.3%. Switzerland’s direct investment in Latvian economy was mainly concentrated in the transportation and storage sector.

Annex 6 “Publicity measures and information activities within projects”

No.	EA’s activity	Target and audience	Date and place
Youth initiatives programme			
1.	Information on EA’s web page www.jaunatne.gov.lv updated regularly	To inform general public, project target group and all interested parties about the project activities	http://jaunatne.gov.lv/lv/sveices-programma/latvijas-sveices-sadarbibas-programma
2.	Press releases and publications about trainings and seminars for youth and persons involved in youth work		April 2016 - March 2017 in various regional web sites, social networks and magazine “Jaunatne”
3.	Video about trainings		September 2016 on news channel “ChaulaTV”. https://chaula.tv/lv/chaula_video/VVhI5ZbYhNKXY51/
4.	Article about 5 th regional forum	To inform all interested parties about achieved results during regional forum and the role played by the Swiss Contribution	May – June 2016 In magazine “Jaunatne” (page 4) http://jaunatne.gov.lv/sites/default/files/web/JSPA/info_materiali/64_620_jaunatne_nr_49_web.pdf
5.	Video about 5 th regional forum		https://www.youtube.com/watch?v=TApkQ3da7v4 http://monitorings.leta.lv/item/R6B2BC5D3-C46F-4991-8A69-DE9E916CEF21
6.	Swiss TV story about Ane youth centre	To inform Swiss society and all interested parties about the role played by the Swiss Contribution	http://www.srf.ch/play/tv/10vor10/video/fokus-was-schweizer-finanzhilfe-in-lettland-bewirkt?id=b171a834-1a66-4fbd-a919-d2950fd17f89
7.	Video about 5 th regional conference “DigiGo”	To inform all interested parties about planned regional conference, results achieved during conference and the role played by Swiss Contribution.	September – October 2016 https://www.youtube.com/watch?v=DFPrXXPfgTw https://www.youtube.com/watch?v=uBm-ZDv2oyM
8.	Online video translation of 5th regional conference “DigiGo”	To provide access to the regional conference for interested parties	October 2016 http://nvotv.lv/videos/regionala-konference-digigo-digitalais-jaunatnes-darbs
9.	Article about study visit to Switzerland	To inform all interested parties about study visit the Switzerland and achieved results during visit and the role played by the Swiss	October – November 2016 http://www.euforia.org/blog/2016/10/12/latvian-youth-workers-and-euforians-share-expertise http://jaunatne.gov.lv/lv/raksti/jaunatnes-iniciativu-centru-parstavji-

No.	EA's activity	Target and audience	Date and place
		Contribution	dodas-studiju-vizite-uz-sveici http://www.iecava.lv/lv/zinas/jauniesiem/14643-uz-sveici-pec-starptautiskas-pieredzes http://www.balvi.lv/index.php/lv/jauniesiem/balvu-bernu-un-jauniesu-centrs/14067-latvijas-jauniesu-centru-darbinieki-studiju-vizite-sveice
10.	Video about Opening of Multifunctional Youth Initiative Centre in Balvi, Skrunda and Valka	To inform general public about establishment of youth centres and the role played by the Swiss Contribution	October 2016, January 2017 on news channels "LTV1" and "Valmieras ziņas" https://ltv.lsm.lv/lv/raksts/16.10.2016-balvos-atklats-jauniesu-centrs.id82096/ https://ltv.lsm.lv/lv/raksts/03.01.2017-skrunda-atklats-jauniesu-centrs.id87801/ http://valmieraszinas.lv/vtv-valka-atklats-jaunatnes-iniciativu-centrs/
11.	Video discussion about 2 nd national forum	To inform all interested parties about the national forum and results achieved during the national forum and the role played by the Swiss Contribution	October - November 2016 http://nvotv.lv/videos/diskusija-par-neformalaja-izglitiba-ieguto-kompetencu-atzisanu-darba-tirgu https://www.youtube.com/watch?v=ZxibBpm_crw https://www.youtube.com/watch?v=VfFm-prWSP0
12.	Articles about: - 5 th regional conference; - study visit to Switzerland; - 2 nd national forum.	To inform all interested parties about achieved results in programme and the role played by the Swiss Contribution	November 2016 in magazine "Jaunatne" (pages 14, 16, 26) http://jaunatne.gov.lv/sites/default/files/web/JSPA/info_materiali/69_031_jaunatne_zurnals_51_web.pdf
13.	Seminar in Latgale Planning Region for youth workers	To inform youth workers about youth work, shared their experience of the study visit to Switzerland	December 2016
14.	Information about Youth initiatives programme's impact	To inform general public and target groups about the project	March 2017 in magazine "Jaunatne"
15.	Programme's closing event		March 2017, Riga
16.	Information materials		February - March, 2017
Sarkandaugava project			
1.	Publications in EA's web page www.vvd.gov.lv	To inform general public and all interested bodies about the project	http://www.vvd.gov.lv/projekti/latvijas-sveices-sadarbibas-programma/

No.	EA's activity	Target and audience	Date and place
2.	Swiss TV story about the project	remediation works carried out at the polluted territory of Sarkandaugava and the role played by the Swiss Contribution	https://www.srf.ch/play/tv/10vor10/video/fokus-was-schweizer-finanzhilfe-in-lettland-bewirkt?id=b171a834-1a66-4fbd-a919-d2950fd17f89
3.	Swiss Programme's and Sarkandaugava project's final publicity event with participation of media		May 2017 Sarkandaugava territory (Site III)
4.	Seminar/workshop on remediation of polluted sites in Latvia		June 2017
Financial reporting project			
1.	Information on EA's web page www.fm.gov.lv updated regularly	To inform general public and other interested bodies about project's results and benefit	http://www.fm.gov.lv/lv/sadala/gramatvedibas_un_revizijas_politika/projekts_tehniska_palidziba_finansu_parskatu_sagatavosana/
2.	The Guide on accounting organization and documents issued		January 2017 MoF webpage: http://www.fm.gov.lv/lv/sadala/gramatvedibas_un_revizijas_politika/gramatvedibas_politika/gramatvedibas_organizacijas_dokumentu_rokasgramata_mikrosabiedribam_un_mazam_sabiedribam/
3.	Trainings and seminars for internal auditors of state administration		April – May 2017
4.	Final publicity measure (drawings about project's results)		May 2017 in social networks

Annex 7 “Main conclusions and progress of implementation of recommendations on audits performed in 2016”

System audits	
System audit of Swiss Programme’s administration in NCU (MoF, CFCA) and Certifying Authority (State Treasury) carried out by the Internal Audit department of MoF	
Main conclusions	Internal Control System (hereinafter - ICS) is functional, although some improvements are needed. However in general estimated controls are adequate, sufficient and effective, thus allowing to provide sufficient confidence that risks are managed (mitigated) and objectives of Swiss Programme will be achieved.
Implementation progress	<p>Following 3 recommendations were issued to NCU (CFCA and MoF):</p> <p>1) <i>CFCA should include in the internal regulation the process description of informing Certifying Authority about CFCA’s performed on the spot checks’ results; although this is not a formal requirement, but is already done as a best practice. <u>Recommendation is implemented</u></i> - CFCA has amended CFCA’s internal regulation and updated procedures of operation.</p> <p>2) <i>CFCA should assess the possibilities to improve on the spot checks’ the standard internal documentation and reflect in the project control documentation the justification of the decision on the performance of on the spot checks. <u>Recommendation is implemented</u></i> - CFCA has updated procedures of operation regarding on the spot checks (amended checklists, standard letter’s form and standard report’s form).</p> <p>3) <i>MoF should be acquainted with Internal Audit department’s of MoF performed survey’s results (interviewed EAs and Line Ministries regarding satisfaction of current Swiss Programme’s period) and assess necessity to prepare proposed improvements and to promote the implementation of programmes/projects within possible next Swiss Programme’s period. <u>Recommendation set for MoF (NCU) shall be implemented till December 2018</u> (in case possible next Swiss Programme’s period will be available).</i></p> <p>Recommendations’ status: <u>Both recommendations for CFCA are implemented.</u></p>
System audit of Sarkandaugava projects’ management and implementation system in SES carried out by the Internal Audit department of MoEPRD	
Main conclusions	Internal Control System (ICS) is established in SES and it is functional. In general the implementation of the project is performed according to the rules and conditions of the Project Implementation Agreement, however, improvements are needed to ensure that ICS will work more efficiently and according to the requirements of normative acts.
Implementation progress	<p>During the audit (carried out February – May 2015) the following 10 recommendations were issued:</p> <p>1) when SES will update description of the ICS, the scheme for cooperation between involved institutions shall be updated including CFCA in it;</p> <p>2) in order to ensure that actual condition of the Project’s Partnership Agreement correspond to the amended project proposal, to update internal regulation about proposed amendments in the Project’s Partnership Agreement and to include requirement that amendments shall be discussed in the Steering Committee meeting and done timely. At the same time, to add condition in the draft amendment of the Project’s Partnership Agreement about Riga Council's responsibility to ensure 15% co-financing from the project funds according to the approved project proposal.</p>

	<p>3) to ensure that planned funds in the national state budget are sound, traceable and according to the endorsed project's Indicative Budget;</p> <p>4) SES shall update description of the detailed budgeting procedures of the Internal Control System including preparation of financial plans according to the existing practise and requirements of normative acts. To determine what kind of information is used for budget planning and what information is saved to ensure data traceability and validity;</p> <p>5) in order for the Steering Committee to take appropriate decisions about measures to be taken, the project manager shall regularly inform the Steering Committee about EUR/CHF exchange rate`s fluctuation and its impact to the implementation of the project's activities;</p> <p>6) SES shall improve supervisory control procedures in the description of the Internal Control System;</p> <p>7) ensure that movement sequence of the payment documents are according to the SES's description of the internal control system, if necessary the description of the internal control system must be updated according to the existing practise;</p> <p>8) SES shall initiate amendments in the Project Implementation Agreement in order to amend the procedure for project reports' submission and review according to the instruction published in the Swiss programme's website;</p> <p>9) SES shall initiate amendments in the Project`s Partnership Agreement updating information about the Steering Committee members, indicating only position's title of the representing institution as well as describe procedure about coordination of the Steering committee meeting's protocol;</p> <p>10) SES shall ensure that project`s documentation shall be available 10 years after completion of the project, i.e., till 2027.</p> <p>Recommendations' status: <u>All 10 recommendations are implemented within reporting period.</u></p>
Projects' External Financial Audit	
Final Financial Audit of the Fire safety project	
Main conclusions	Financial statements provide true and fair view of the eligible expenditures of the project for the period from 1 February 2012 till 31 May 2015 in accordance with the budgetary provisions of the Implementation Agreement and in PA; and EA has, in all material respects, complied with the terms and conditions of the Implementation Agreement and the laws and regulations on public procurement.
Implementation progress	Within reporting period the <u>last recommendation</u> <i>“to upgrade the accounting software to enable it to reflect payroll calculations by the project”</i> <u>is implemented by EA</u> . EA has updated calculation system for projects and apply percentage based calculation approach. Thus is supported performance of project`s recordings and project`s auditing. Recommendations' status: <u>All 4 recommendations are implemented.</u>
On the spot visits	
On the spot visits of Sarkandaugava project	
Main conclusions	Installed equipment and technique is appropriate and functional. Valid construction works permit and appropriate insurance policies are available. EA's provided information on carried out additional construction works in PIR No.10 is adequate. No recommendations were issued
On the spot visits of Courts modernization project	
Main conclusions	Installed equipment is appropriate and functional and is used in everyday work. Swiss Programme's publicity requirements are observed. No recommendations were issued.

Annex 8 “Statistical data about Micro lending programme”

