



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 2013 – March 2014***

In Riga
April 2014

Glossary of Acronyms

AIPY – the Agency for International Programs for Youth
ALTUM – the State joint-stock company “Latvian Development Financial Institution Altum”
Annual Conference – Annual Conference dedicated to Swiss Cooperation with Eastern Europe
CA – Court Administration
CFCA – the Central Finance and Contracting Agency
CFRR – the World Bank Centre for Financial Reporting Reform
CoM – Cabinet of Ministers
CRUS – the Rectors’ Conference of the Swiss Universities
EA – Executing Agency
ECA – the Institution of Fire Safety and Natural Disasters Prevention
Embassy – the Embassy of Switzerland in Latvia
ESMA – The European Securities and Markets Authority
EU – European Union
FIDIC – International Federation of Consulting Engineers
Fire safety project - Support for fire safety measures in local government general education institutions
FPP – Final Project Proposal
Framework Agreement – the Framework Agreement between the Swiss Federal Council and the Government of the Republic of Latvia concerning the implementation of the Swiss-Latvian Cooperation Programme to reduce economic and social disparities within the enlarged European Union
FRTAP – Financial Reporting Technical Assistance Program
IASB – the International Accounting Standards Board
IFRS – International Financial Reporting Standards
ISA – International Standards on Auditing
LASA – the Latvian Association of Sworn Auditors
LHZB – the State joint-stock company “Mortgage and Land Bank of Latvia”
MoEPRD – the Ministry of Environmental Protection and Regional Development
Modernization of courts - Modernization of courts in Latvia
MoF – the Ministry of Finance
MoES – the Ministry of Education and Science
NCU – the National Coordination Unit
PA – Project Agreement
PIA – Implementation Agreement
PMB – Procurement Monitoring Bureau
PPF – the Project Preparation Facility
PPL - Public Procurement Law
Sarkandaugava project – Remediation of historically polluted areas in Sarkandaugava
School busses project - Implementation of local governments activities by ensuring the transportation of school children and related support measures
SCO – Swiss Contribution Office in Riga
SDC – the Swiss Agency for Development and Cooperation
SECO – the State Secretariat for Economic Affairs
SEDA – the State Education Development Agency
SES – the State Environment Service

SIF – the Society Integration Foundation

SRDA – the State Regional Development Agency

STAREP – Strengthening Auditing and Reporting in the Countries of the eastern Partnership

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

Swiss Programme – the Swiss-Latvian Cooperation Programme

Swiss researchers' activities - Swiss researchers' activities in Latvia

TAF – the Technical Assistance Fund

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

World Bank project - Financial Reporting Technical Assistance Project

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Summary

According to the Article 8.2 of the Framework Agreement, the MoF acting as the NCU for the implementation of the Swiss Programme in Latvia prepared the *Annual Report on the Implementation of the Swiss Programme in Latvia April 2013 – March 2014*.

The document aims to present the process of implementation of the Swiss Programme in Latvia and describes activities planned for the next reporting period: April 2014 – March 2015. This document will be discussed during annual meeting with the donorstate planned on 20 May 2014.

Main actions of the NCU and other institutions responsible for the implementation of the Swiss Programme in Latvia undertaken in the reporting period were concentrated on tasks related to the successful implementation of projects, announcement and completion of relevant procurements, launching open calls for proposals, carrying out information activities and performing audits, controls and on spot checks.

The commitment for Latvia constitutes 56,7 million CHF (100%) from the total Swiss Programme's funding available for Latvia. Currently reimbursements in amount of 36,2 million CHF or 64% from the total Swiss Programme's funding have been received from Switzerland thereby ranging Latvia in the 2nd place (after Malta; up to September 2013 Latvia was in the 1st place) between 12 countries contributed by the Swiss Programme which is mainly related to projects' specifics and implementation phase (projects' prolongation, delayed procurement processes) however Latvia is still effectively utilizing financing – planned project results are even overreached mainly due to savings of exchange rate fluctuations (Courts modernization, Youth initiatives centres, Remediation works in Sarkandaugava).

During this reporting period the Swiss Programme faced active implementation and project's monitoring period. 2 projects were successfully completed in 2013: the NGO Fund in April and the Modernization of courts in December, therefore already 4 projects out of 12 are completed (2 already in 2012 – the School busses project and the PPF). All projects are implemented according to focus areas set in the Framework Agreement in order to reach overall and specific objectives of the Swiss Programme. Swiss Programme's funding in Latvia is used for investments in peripheral or disadvantaged regions, environmental protection, courts modernisation, education and research, NGO and private sector.

Overall progress made so far towards implementation of the Swiss Programme against the conceptual framework can be assessed as successful, taking into account that target indicators of completed projects are even overreached – additional video conference and audio recording equipment units installed within the Modernization of courts project, 12 more subprojects implemented within the NGO fund, for 25% more micro loans allocated in less than two years' time within the Microlending programme, all financing shortly will be utilized within the Scholarship Fund as well as within the Youth initiatives project all 17 planned centres are already established and 5 more youth centres will be established. As well as bilateral relationships between the countries have been strengthened through 20 subprojects within the NGO fund implemented in partnerships, 27 Swiss researchers' visits to Latvia, fruitful cooperation with Swiss partner – ECA – within the Fire safety project as well as through exchanging experience in different events between Latvia and Switzerland within the Courts modernization project.

Within the NGO Fund 14 483 children and youth as well as 6 216 seniors have already benefited from being target groups within all 62 subprojects thus further promoting civil society's contribution to economic and social cohesion. Within the Modernization of courts 94 video conference equipment and 308 audio recording equipment units have been installed in court rooms and prisons thereby not only Latvia's justice system has become technologically more advanced but also videoconference equipment speeds the whole court proceeding significantly thus adding to general public security and safety. Within the "PPF" three feasibility studies were prepared and gained data was further used for elaboration of two FPPs. Within 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. Implementation of remaining 8 projects is continuing and already now they evidence their first results.

During this reporting period implementation progress against planned target indicators of PAs was made within all projects, and following results were reached:

- last 3 (out of 17) multifunctional youth initiative centres were opened and moreover 5 additional centres will be opened in 2014/2015;
- all 13 additionally planned video conference equipment, audio recording equipment units, displays and microphones were installed in court rooms, State Forensic Science Bureau, Ministry of Justice and in the CA as well as additional user support was provided thereby projects' results are overreached for 30%;
- implementation of all subprojects was completed (62 versus 50 initially planned) under the NGO fund;
- till August 2013 156 micro loans were allocated to microenterprises thereby allocation of micro loans is completed (800 micro loans allocated versus 650 initially planned). Distribution of new micro loans were continued further on from repayments (117 already allocated).
- within the Scholarship Fund in total 13 applicants (out of 33) supported in 3 open calls, thereby in total after 5 open calls 18 applicants approved (77% of total available funding contracted) and 5 projects are already completed.
- within "Swiss researchers' activities" in total 33 applicants (out of 41) were supported thereby in total after 4 open calls 49 applicants are supported and 36 of them have completed researches (18% of total available funding contracted);
- all planned fire safety systems were installed in 116 general education institutions;
- within the Sarkandaugava project the pilot project in the Site I/II was completed and the remediation works are on-going.

In the reporting period Swissness was promoted mainly through different visibility and information activities about the Swiss Programme as such and about specific achievements within implementation of concrete projects – competition about fires safety issues to school children, seminars within the Modernization of courts, created video materials within the Micro-lending programme and within the Swiss researchers' activities. The NCU considers that implementation of the Swiss Programme is well perceived and highly appreciated in Latvia, because Swiss Programme is contributing priorities defined in the NDP¹ and in general all projects are orientated on promotion and reduction of economic and social disparities between

¹ National Development Plan of Latvia for 2014-2020

the Latvia and the most progressive countries within the enlarged EU and between dynamic centres of cities and structurally weak regions of periphery.

As regards simplification, in order to facilitate the review of projects' reports in shorter time period as well as to reduce administrative burden for all involved parties a new Annual Project Report template was agreed with Swiss competent authorities in December 2013. Thereby starting from January 2014 there will be combined one report consisting of the projects' progress of the 2nd half of the year and whole year.

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

- successful completion of the Fire safety project;
- evaluation of applications within the last open call under Scholarship Fund and continuing a wide range of activities to facilitate utilization of the grant under Swiss researchers activities;
- providing overall information activities about the Swiss Programme as well as with regards to project level publicity;
- on-going remediation works in the Site I/II as well as signing the contract for remediation works in Site III;
- opening of additional youth initiative centre;
- WEB game for children about fire safety issues;
- implementation of two IT systems under the World Bank project;
- further implementation and monitoring of remaining projects – providing controls and audits of project activities.

The overall implementation of projects is effective, however risk of time constraint in some projects is possible, therefore responsible EAs will have to deal with mitigation of main risks and challenges:

- As implementation of the **Sarkandaugava project**'s first part was noticeably prolonged due to deviations in procurement process, there is a high risk of time constraint for the remediation works in Site III;
- **World Bank** project during reporting period was prolonged till 30 June 2016 thereby the risk of time constraint has been reduced however project implementation must be monitored as 2 procurement procedures for IT systems will be organized.
- Although SEDA has undertaken a wide range of activities to facilitate utilization of the grant within the **Swiss researchers' activities**, the main risk still remains – not enough applications received until the end of activity, therefore within 2014 SEDA plans to initiate prolongation of the activity for more than 1 year – till 31 December 2016.

Detailed information of risks detected in projects and mitigation of them please see in the Sections 2.3., 2.4. and 2.5 of this report.

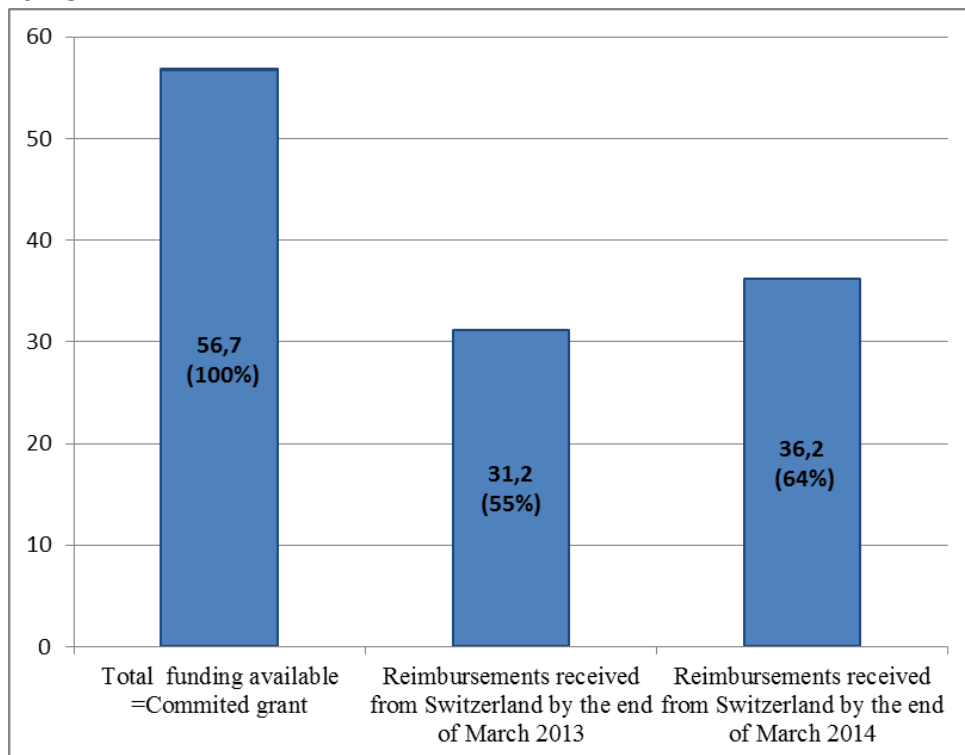
2. Reporting on the status of focus areas

2.1. Financial progress of focus areas

The commitment for Latvia constitutes 56,7 CHF or 100% from the total Swiss Programme's funding available for Latvia (excluding the Swiss programme's and CRUS management and evaluation committee costs).

Reimbursements received till the end of the reporting period are 36,2 million CHF or 64% from the net Swiss Programme's funding available for Latvia. During this reporting period the reimbursements from Switzerland increased for 5 million CHF or 9% comparing to the previous reporting period what shows substantial progress. Please see in the Chart 1 the comparison of reimbursements received from Switzerland in the previous and this reporting periods versus total available funding.

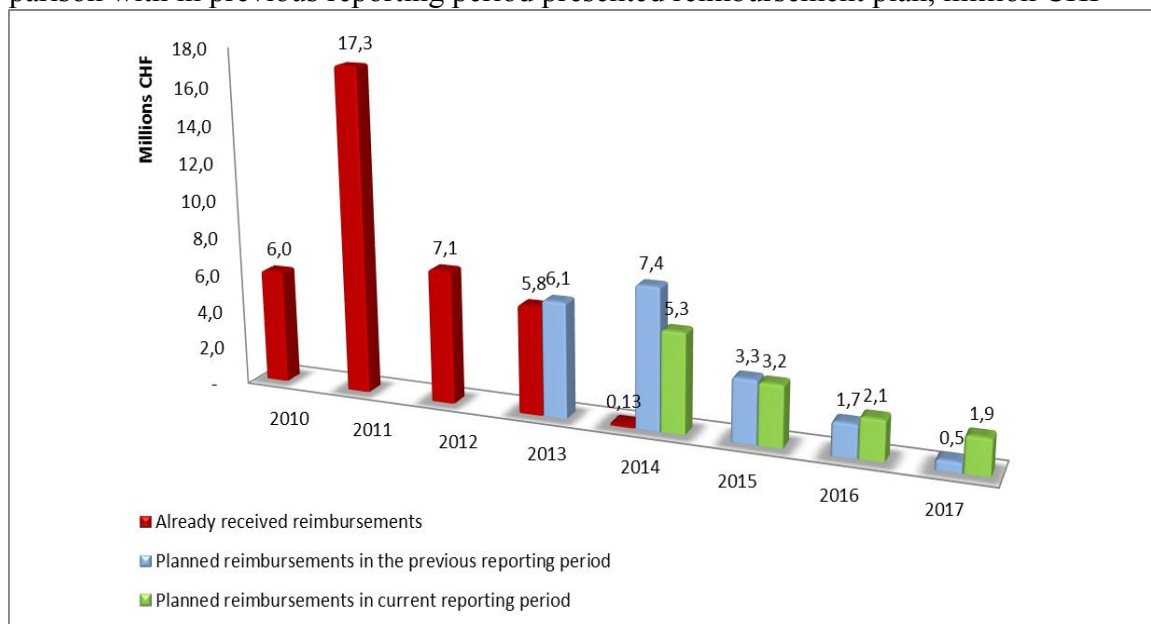
Chart 1 "Total available funding/committed grant and reimbursements received from Switzerland, million CHF"



During the reporting period 3 irregularity reports for non-compliance with rules on public procurement were prepared by the NCU and submitted to the SCO. The Swiss competent authorities agreed to NCU's suggested measures to correct the amount of eligible costs. During the reporting period financial corrections (on average 3,3%) were applied in total for 21,6 thsd. CHF or 0,04% from the total Swiss Programme's funding available for Latvia (since 2009 in total for 124,3 thsd. CHF or 0,2%, which is considered as a very good result – well below standard materiality level of 2%).

The next chart shows actually received reimbursements till the end of reporting period and nationally planned reimbursements for time period 2014-2017. Taking into account that procurement contract for Site III is still not signed, reimbursements for the 2nd tranche of Sarkanadugava project in amount of 4,8 million CHF are excluded for the time being.

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



According to the chart above actual reimbursements in 2013 were by 4,9% lower than a year ago planned ones as well as reimbursements planned to be received in 2014 are by 21% lower than forecasted in previous reporting period. This trend can be explained by the following facts – several procurement procedures have been delayed (Sarkandaugava project, Fire safety project), implementation period were prolonged for Modernization of courts and World Bank project and will be prolonged for Swiss researchers’ activities and Fire safety project as well as savings within the projects (Youth initiatives project, Fire safety project) were gained, therefore part of reimbursements will be received only in upcoming years.

According to the current reimbursements’ forecast for 2015-2017, it is planned that reimbursements to Latvia will slightly decrease. However the trend might constantly change taking into account that 6 projects will be in the implementation phase and possible risks with procurement procedures can significantly delay the projects’ implementation.

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

Table 1 “Indicative disbursement plan, CHF”

Title	2014	2015	2016	2017	Total for 2014-2017
1.TAF	51 487	6 464	3 079	14 957	75 987
2.World Bank project	175 725	554 000	225 213		954 938
3.Modernization of courts project	1 103 655				1 103 655
4.NGO fund	15 125				15 125
5.Sarkandaugava project (only the 1 st tranche)	1 213 965	1 710 708	1 295 651	1 631 414	5 851 738
6.Youth initiatives project	761 031	349 054	316 804	196 435	1 623 324
7.Swiss researchers’ activities	77 541	149 044	176 168	61 410	464 162
8.Micro lending programme	207 277	147 727	125 622		480 626
9.Fire safety project	1 818 151	313 379			2 131 530
TOTAL	5 423 957	3 230 376	2 142 537	1 904 216	12 701 086

*Out of this 134 230 CHF were disbursed till 10 April 2014

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

Table 2 “Priorities and financial progress”

Priority sector	Focus area	Title of the project	Committed grant, CHF	Utilized grant within the project, CHF (till 31.12.2013)	% (utilized grant vs. committed grant)		Reimbursements received from Switzerland (till 31.03.2014)	% (reimbursements received vs. committed grant)		Project completion dates
					till December 2013	till December 2012		till March 2014	till March 2013	
I. Security, stability and support for reforms	1. Regional development initiatives in peripheral or disadvantaged regions	School busses project	13 769 767	13 769 767	100	100	13 769 767	100	100	30.06.2011
		Fire safety project	2 379 730	583 570	25	6,2	248 201	10	1,4	31.07.2014
		Youth initiatives project	4 000 000	2 093 161	52	23,2	1 500 822	38	15	31.03.2017
	2. Modernisation of the judiciary	Modernization of courts	8 000 000	7 892 082	99	79,7	6 896 346	86	74	31.12.2013
II. Environment and infrastructure	3. Rehabilitation and modernization of basic infrastructure	Sarkandaugava project	13 000 000	1 646 280	13	1,5	1 396 331	11	0,3	28.02.2017
III. Promotion of the Private Sector	4. Improved regulation of the financial sector and improving access to financing	World Bank project	1533827	573 501	37	22,1	397 776	26	22	30.06.2016
		Micro lending programme	7 923 078	7 500 801	95	87,7	7 441 251	94	87	30.09.2015
IV. Human and Social Development	5. Research and development	Scholarship fund/ CRUS	1 839 329*	994 540	54	20	994 540	54	20	31.03.2016
		Swiss researchers activities	500 000	65 890	13	2,9	35 837	7	1	30.09.2015
Special allocations	NGO fund	NGO fund	3 500 000	3 332 503	95	94,8	3 332 503	95	87	30.04.2013
	TAF	TAF	132 255	54 775	41	40,2	54 293	41	38	14.06.2017
	PPF	PPF	141 343	141 343	100	100	141 342	100	100	30.06.2011
Total			56 719 329	38 648 213	68	57,5	36 209 010**	64	55	

*Excluding CRUS management costs and evaluation committee costs

**Including reimbursements received for projects within the Scholarship Fund

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

Youth initiatives project

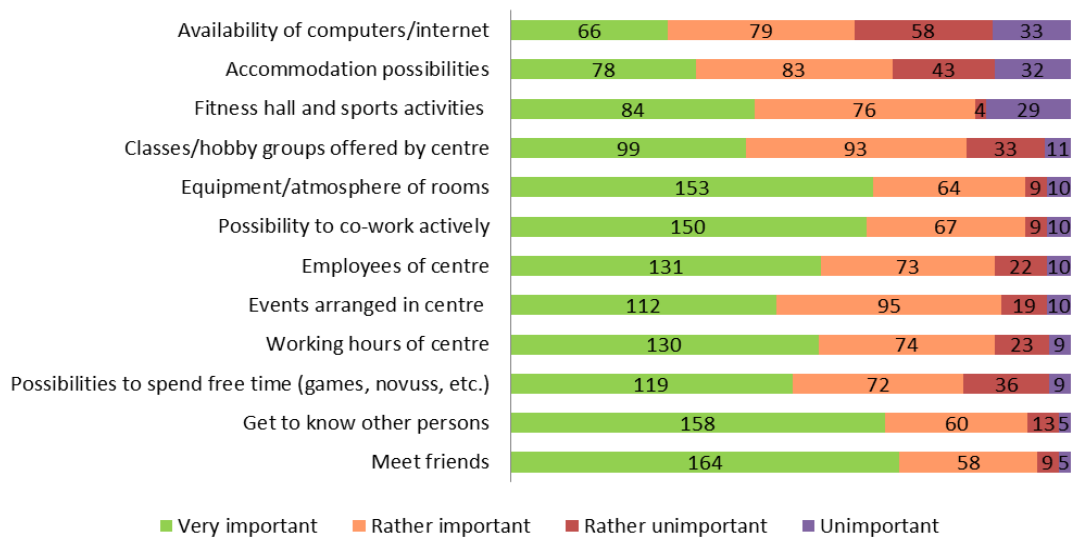
Activity “Establishment of Multifunctional youth initiative centres”

During reporting period 3 multifunctional youth initiative centres were opened – on 30 May 2013 in Salacgrīva District, on 24 September 2013 in Talsi District and on 31 January 2014 in Līvāni District. In total by the end of March 2014 all 17 multifunctional youth initiative centres are opened. Due to the savings (incurred from applied financial corrections to detected irregularities, savings in component projects and currency exchange rate) additional 5 centres will be established in Jaunjelgava, Iecava, Aizpute, Riebiņi and Rogovka Districts thus prolonging implementation of this activity till the end of 2016. In September 2014 the 18th youth initiative centre will be opened in Jaunjelgava district. Please see in the Annex 1 a map of all 17 centres distributed by regions within the territory of Latvia.

From October till December 2013 an Interim Evaluation for the project was carried out with one of goals to assess the work of multifunctional youth initiative centres in peripheral or disadvantaged regions. After two surveys for young people who have participated in activities of the youth centres (236 respondents) and personnel of youth centres (25 respondents) the following conclusions were provided:

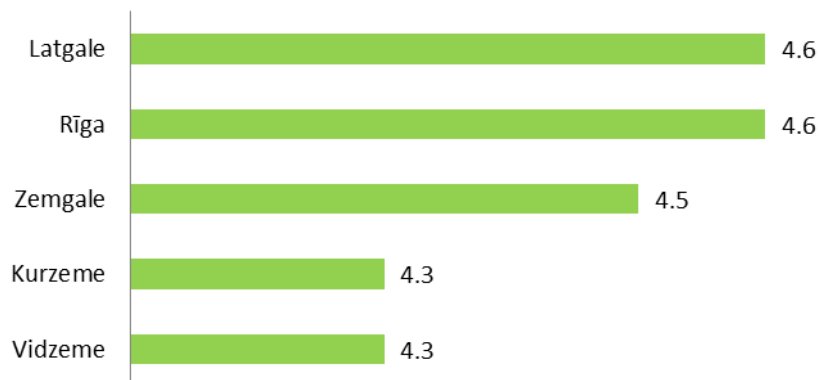
- Centres are attended mainly by young people whose family situation is assessed as middle class.
- 90% of respondents, young people, believe that there are equal possibilities provided for all to get involved in the centres.
- Mostly young people visit the centre 1-2 times a week – 39% of respondents. 63% - are attending the centre regularly for more than a year. 13% - are visiting the centre on a daily basis.
- on average 26-40 young people per month attend the each centre
- According to the graph below the most important thing for young people is to meet friends and new people in the centres and the possibility to get involved actively. Less important things are availability of computers, internet, accommodation possibilities, fitness hall and sports activities.

Chart 3 “Assessment of young people on the importance of services and factors”



- Employees have marked that the best way to attract young people is to tell in the schools about the centre. However the young people believe that the most efficient way is active use of social networks.
- 85% of the surveyed young people have attended the events held at the centres, mostly festive events, as well as creative workshops and theme evenings.
- The meetings initiated by young people are the most attended type of the non-formal education activities among young people (47% of the respondents).
- Several answers of survey allow concluding that part of youth would like to be involved in different activities but they are not self-confident and are afraid or feel shy to show initiative.
- Mostly the young people show their activity by getting involved in the activities and development of the centre – helping to organize the events at the centre. Majority of the surveyed young people (51%) would like to organize events or to help in organization of events, 49% plans to get involved in projects. As well as personnel of the centres most often encourage the young people to use the facilities of the centres for scheduled events and involve young people in the organizations of the scheduled events of the centre.
- The young people assessed the importance of the represented centre on the regional scale (see the graph below). The average assessment of respondents was 4.5 (out of 5), which shows that the centres are important in the lives of the young people and the development of the region.

Chart 4 “Assessment of the centres’ importance on the regional scale made by the young people (5- very important; 1- unimportant)”



- In order to improve the centres activity young people believe that it is necessary to attract more young people to the centres as well as to arrange events more often.
- 99% of the surveyed young people are planning to continue visiting youth centres in the future as well.

Within Interim Evaluation few recommendations were given, e.g., for to promote youth centres and the possibilities they offer with the aim of attracting new visitors, to organize seminars, lectures on issues that are interesting and important for young people, to hold regular trainings, courses and events for personnel of the youth centre.

During reporting period centres have actively co-operated with municipalities. On 21 February 2014 Tukums youth initiative centre organized 3rd Regional Youth Forum „Catch your chance!” which was supported by Tukums District Municipality. Forum took place in premises of District Municipality and almost 100 youth attended it. This forum was a great chance to tell youth from Tukums and other local regions about work of Tukums youth initiative centre which was established by the support of Swiss Programme to meet local youth work special-

ists and to develop new project ideas. The highest percentage of youth, who cooperates between different youth initiative centres, is in Zemgale Region. One of the best examples is Madona youth initiative centre, which regularly exchange experience with Talsi, Līvāni, Jelgava, Gulbene and Alūksne youth initiative centres. For example, on 12 February 2014 in Madona centre youth and youth work specialists met with representatives of Gulbene and Alūksne youth centres specialists in order to plan activities in joint cooperation project “YOU.ARE.LV”

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

During 2013 AIPY organized trainings for youth on self-development, strengthening capacity of youth organizations and for persons involved in youth work on coaching, non-formal education methods and active participation in municipality’s work as well as several mixed trainings were organized for youth and representatives of municipalities (please see the table below). Currently 54 trainings with 1075 participants for youth have been organized thereby more than a half of target indicators (100 trainings; ~2000 participants) according to Annex 3 PA “Logframe” have already been met. As well as 30 trainings with 598 participants for persons involved in youth work have been organized thereby more than a half of target indicators (60 trainings; 1200 participants) have been met.

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

	2011	2012	2013	2014	2015	2016	2017
Number of trainings for youth	5 <i>(In total 95 participants)</i>	20 <i>(In total 391 participants)</i>	21 <i>(In total 421 participants)</i>	18	18	18	3
Number of trainings for persons involved in youth work	5 <i>(In total 87 participants)</i>	10 <i>(In total 203 participants)</i>	14 <i>(In total 286 participants)</i>	10	10	10	3

In the first six months of 2013 AIPY focused on organization of trainings for youth on self-development, setting of personal goals and critical thinking. Trainings were organized in each planning region and each training consisted of two parts (2 x 3-day seminar) with a homework in-between. Target group was unemployed youth or those who don't study or come from peripheral regions, age 17-25. The goal was to help youngsters set their personal goals, strengthen their personal resources and motivate them for self-development using different methods and solutions. Evaluation forms showed that after these trainings participants have learned how to formulate their goals to plan reaching their goals step by step, and they gained understanding about the self-development. Participants wrote that these trainings showed how to learn from one’s mistakes and to aim higher, prioritizing goals.

Trainings for persons involved in youth work about coaching and non-formal education principles started already in previous reporting period and showed that these trainings are very useful for every person involved in youth work in every planning region. Evaluation forms showed that participants in coaching trainings highly appreciate translated methodological material “Coaching Guide,” as well as they were eager to participate in Coaching Festival, which was organized after trainings as a follow-up training in order to meet participants after a while and evaluate their gained knowledge and its use in practice. Overall the main cognition gained was that coaching is very useful approach in youth work. Also trainings for repre-

representatives of educational institutions about non-formal education principles again proved that there will definitely be successful feedback from trainings, e.g., “I can’t wait till the work week begins, because I want to use gained knowledge in practice.”; „I will definitely use non-formal methods during my lessons.” ; “I will diversify my everyday work.” “I will tell my colleagues about these methods.”; “I will suggest new methods to school administration.”

In the second half of 2013 AIPY organized trainings for youth about strengthening capacity of youth organizations/non-formal groups. Target group was youth - representatives of youth organizations/non-formal groups’ age of 15-25 who are actively involved in their organizations activities and development. The goal was to develop co-operation of youth organizations and strengthen their capacity. Evaluation forms showed that participants of these trainings have made new contacts, exchanged knowledge and experience with youngsters from other organizations, developed co-operation ideas and elaborated new project themes. Participants in evaluation forms wrote “These trainings will definitely help to set higher goals for my organization and reach them.”; “I will be able to analyse and solve problem situation in my group.”; “Gained knowledge will help me to improve my organizations work.”; “I plan to go to experience exchange to organizations whose representatives I met in these trainings.”; “10+++++Ideal!”. Also AIPY organized trainings about non-formal education methods for representatives of educational institutions in Kurzeme Planning Region.

During the second half of 2013 AIPY also organized mixed trainings about youth participation in municipality’s work for youth and representatives of municipalities. The goal of these trainings was to strengthen cooperation between youth and municipalities in order to promote active participation. Youth after these trainings learned that they shouldn’t be afraid from municipality’s employees and they can go to municipality to ask for support, as evaluation forms showed: “I want to get involved in municipality’s work, because I have so many new ideas that I want to realize.”; “I’ll use gained knowledge for writing new projects to stimulate youth in our district.”; “I will definitely write a project to strengthen co-operation between municipality and youth.”; “I will use new information in my work, I’ll try to involve more interested volunteers, try to strengthen co-operation with NGO.”; “I will definitely share this information with my colleagues in municipality in order to create more youth friendly environment in our municipality and district.” As well as trainings for pupil self-governments and their consultants about facilitation of active participation at school were organized in Vidzeme and Latgale Planning regions, and will continue in other planning regions in the next reporting periods. The goal of these trainings was to raise awareness of the pupil self-governments as an important contributor to active participation in schools. Target group of these trainings were representatives from respective region’s general education and vocational training institutions. In these trainings there were 3 representatives from each educational institution: 2 students - representatives of pupil self-government (age 14), who will participate in pupil self-government at least until the end of the school year, along with their consultant (teacher). These trainings promoted awareness of nature and role of pupil self-government - why it is needed; strengthened significance of school identity; improved co-operations skills among representatives of pupil self-governments and consultants; developed experience exchange network and identified and developed ideas on how to encourage more students to take an active part in the organization of school life.

In order to reach the other goal of previously mentioned Interim Evaluation for the project – to evaluate events and trainings organized participants’ survey (386 respondents) was conducted and the reports of trainings were analysed. The evaluation showed that:

- All objectives of the training for young people - on creativity and innovations, on improvement of communication and presentation skills and training for the target setting,

achievement and personal development – were met fully or to a great extent. Objectives of training on encouragement of initiative were partially met in two regions.

- Objectives of the combined training for the young people and personnel involved in youth work were fully met in one region.
- Training objectives and tasks for the personnel involved in youth work were mostly met in all trainings and all regions.

Main conclusion of Interim Evaluation is that participants want and find these training and events very useful and that it is important to continue them till 2017. As well as in order to reach sustainability of programme results, it is important for participants to transfer acquired knowledge further. 97% of respondents after trainings have shared with acquired experience. The most part (82%) have told about it to colleagues or school mates, but 68% have told friends. Trainings for participants were relevant, because 97% would like to attend such type of trainings also in future.

Activity “Forums and conferences”

One international conference with participants from Switzerland and 2 national forums are planned to be organized as well as 5 regional forums and 5 regional conferences for youth and persons involved in youth work from all 5 planning regions are planned to be organized annually from 2012 till 2016, one in each planning region.

The second regional forum “Turn Kurzeme!” was held from 10 till 11 May 2013 in Kurzeme Planning Region. In total 100 participants attended the forum. The main topic of the forum was youth in the regions as a resource not a problem. The goal of the forum was to promote co-operation between young people and other in youth field involved and interested parties in Kurzeme, to meet and share experiences, discuss current issues in the field of youth, to actively participate, as well as spend time valuably. During this forum participants learned different co-operation models, e.g., youth and municipality, youth and NGO, youth and entrepreneur etc. Participants developed new project ideas according to different cooperation models, they shared best practices on how to involve more youth in different activities.

The second regional conference “Turn Zemgale!” about youth work in regions was held on 27 September 2013. In total 102 participants attended the conference, representing almost all Zemgale region districts. The conference program was planned quite intensive with useful presentations and successful engagement of youth policy experts and representatives of the region in various workshops. Already during the conference positive feedback from the participants about the content and organization was received. After this conference recommendations for youth policy makers and other interested parties in Zemgale region were elaborated and published in various portals in order to develop and strengthen youth work support in regions.

Both regional events - regional conference in Zemgale and regional forum in Kurzeme again proved that it is important to organize regional events and a great possibility to meet other youngsters, youth workers, and educators from planning region and develop co-operation network.

The first national forum “Turn Latvia!” about national youth policy development was held from 7 till 8 November 2013 in Riga Planning Region. In total 250 participants attended the forum. As a result of the forum participants elaborated and submitted resolution including tasks and suggestions about improvement of youth policy development in Latvia. This resolution was submitted to ministries and municipalities. It was stated in preamble “Everyone in

ministries, state and local governments, municipalities, organizations, schools, youth centers is responsible for the implementation of this resolution and it belongs to everyone who is interested in youth work and youth policy development in Latvia and is free to use for reaching goals of National Youth Policy “Turn Latvia!” and tasks described in this resolution.” The forum was one of the most or even the most important event in the youth field in 2013.

Activity “Methodological material”

The AIPY plans to elaborate in total ~15 methodological materials and learning materials. In this reporting period the AIPY published methodological material “*Youthpass Unfolded*” and 2 methodological materials in Braille about non-formal education principles and methods, as well as two videos about coaching in youth work and development of communication and presentation skills were elaborated. In total already 7 methodological materials have been elaborated.

Risks

In the reporting period no risks were detected, because seminars and conferences are still very well attended. To reduce risk of low number of participants the AIPY proposed diversity of training topics according to the needs of persons who are involved in youth work and youth. As well as co-operation with regional coordinators has been very successful, thus number of participants who does not attend trainings in the last minute has decreased. Number of applications for trainings and events is high – over 20 000 applicants. Youth work specialists of the newly renovated centres are active and motivated to developed and expand youth centres, also they co-operate with each other, thus enlarging and developing co-operation network among centres.

Risk that centres are not being established as planned and within the available budget is low because subproject agreements include respective responsibility to cover financial deficit, if necessary. Opening of some centres was postponed due to prolonged renovation deadline, however it doesn't pose a risk to project's implementation, because all of planned 17 centres are already opened and even additional centres will be opened by the end of the project.

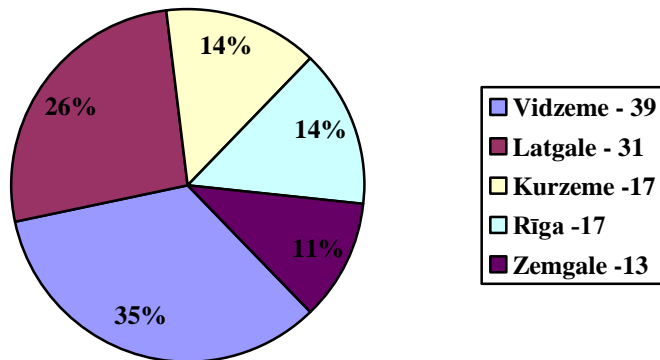
Fire safety project

Automatic fire protection systems installation in general education institutions of local governments

Within the procurement for installation of fire safety systems 2 offers were received and evaluated. On 28 May 2013 the SRDA signed 5 agreements with “Moduls-Rīga” on five procurement subjects – one agreement for each planning region. From May till June 2013 the SRDA signed 58 (out of 59) contracts with local governments on implementation of the individual projects. One contract was not signed because Dundaga District municipality of Kurzeme region decided to close the particular educational institution. As well as on 27 February 2014 the SRDA terminated the contract with Burtnieku municipality because the renovation of education institution including installation of fire safety system is planned within another project. Thereby fire safety systems will be installed in 116 general education institutions. Please see in the Annex 2 a map of all 116 general education institutions distributed within the territory of Latvia.

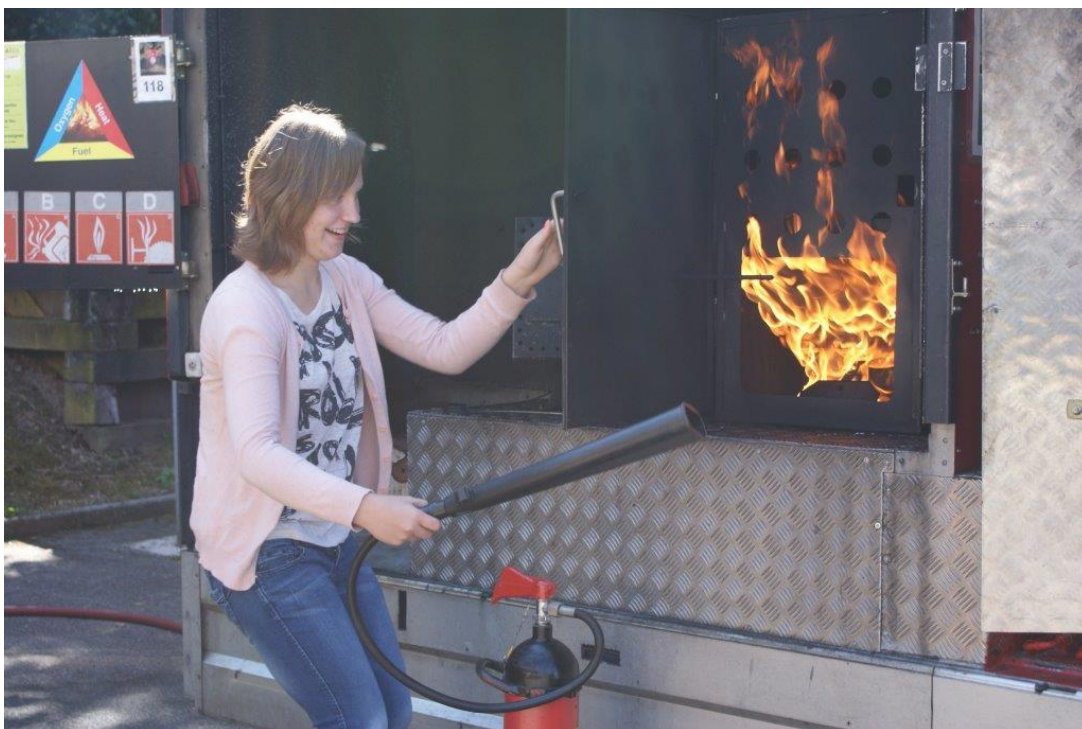
Installation works went smoothly – from July 2013 until March 2014 when all works were completed. Fire safety systems were installed in general education institutions in all 5 planning regions of Latvia (please see the Chart below).

Chart 5 “Characteristics of installed fire safety systems by regions of Latvia”



Activities for children

From January till May 2013 the competition “Little lord of the fire” for pre-school and primary school children (age group 5 to 8 years) and for 7th and 8th grade pupils were held, where children demonstrated both their theoretical and practical knowledge. Competition was organized in 3 parts: 1) application, theoretical test and photography contest in the internet; 2) 5 regional competitions, where children demonstrated both their theoretical and practical knowledge; 3) final competition with the best regional teams. In the first part organizers received and evaluated 36 creative works on the topic "Proper action in flammable situation" as well as during the competition the homepage www.draugiem.lv/ugunspavelnieks was developed in order to manage application process and first round. The second part of the competition was held in five regional cities of Latvia – Rīga, Jelgava, Valmiera, Daugavpils, Liepāja. In the final of the competition best team of each region participated and the winner was school children team from Salacgrīva. In August 2013 the winners visited Switzerland, the fire training center and met with the Swiss school children to exchange with cultural and educational experiences.



Cooperation with the Swiss project partner – ECA

From 13 till 17 May 2013 knowledge exchange visit for ECA to Latvia was organized. During the visit ECA were introduced with work of State Fire and Rescue Service of Latvia and Latvian Insurers Association as well as experience exchange visits to Valmiera, Ainaži and Salacgrīva municipalities were organized during which parties discussed fire safety issues as well as identified possible cooperation areas. On 16 May 2013 seminar with representatives of ECA, MoEPRD, planning regions, Project Management Committee of SRDA and the Embassy was held. The representatives exchanged with information and discussed achievements and future activities of cooperation.

Amendments in the Project

SRDA initiated amendments in the PA by adding 2 new sub activities “WEB game for children about fire safety issues” and “On spot checks”. On 19 September 2013 Swiss competent authorities approved them.

The WEB game will be created in order to educate children aged 7 – 12 years about fire safety and civil protection matters. It will be developed as a preventive material where children can learn skills and abilities in an attractive, interesting, creative and easily understandable way. It is a tool to reach school children, especially in peripheral and disadvantaged regions of Latvia, and to attract their interest and to stimulate initiative to learn fire safety knowledge. The game will be integrated in an already made social network platform with 22 000 followers and will continue the communication message: “How to become The Lord of the Fire?” Through social network platform the game will reach the target audience in a comfortable and actual shape and form for them. It will be available to all website visitors with or without a log-in. During the reporting period SRDA elaborated procurement documentation and established procurement commission which consists of visual arts and education professionals. On 12 November 2013 the procurement for the design competition of web game was announced. As only one offer was received, which didn't met procurement requirements, the tender was closed without results. The SRDA revised tender regulations mainly regarding requirements for the key personnel – experts. New public tender was announced on 10 February 2014 with deadline 17 March 2014. 9 offers were received and will be evaluated during April 2014.

The sub activity “On spot checks” was initiated in order to ensure the quality and relevance of technical specifications inspection in all general educational institutions for the installed fire protection systems before signing final acceptance acts. From September 2013 until March 2014 SRDA performed on the spot checks in all 116 general education institutions and acknowledged that the works were carried out in accordance with the procurement agreement. During April 2014 SRDA will initiate amendments in fire safety project for prolongation of project implementation period until 28 February 2015 in order to complete project activities and to perform additional post-completion visits for Fire safety and for School busses project.

Risks

The time constraint is still minimal considering that all the fire protection systems' are installed. However the project will be prolonged in order to complete new “WEB game” as well as to perform post-completion visits in municipalities where the systems are installed.

School busses project

Although the project is completed, in accordance with point 16.1 of PA the project results shall be operational at least 6 years after project completion, e.g. till February 2017. Post-completion obligation is observed by the EA through reviewing of yearly reports about school busses' operation submitted by the municipalities and performing post-completion visits to municipalities. As well as the post-completion obligation is observed by the Competent Line

ministry MoEPRD through review of yearly report about school busses' operation submitted by the EA.

During post-completion period SRDA has performed 27 visits to municipalities in order to verify the operation of 40 busses. SRDA concluded that operation of busses is in compliance with set objectives of PA. However some complaints regarding the busses have been received from municipalities – busses need to be repaired too often; have to wait a long time for spare parts therefore municipalities shall investigate their own resources for renting other busses while Swiss busses are in a service for repair. SRDA explained that in accordance with information provided in municipalities' yearly reports for 2011 and 2012 technical problems were identified to 48 busses (16 – in 2011, 32 – in 2012), most of them in Latgale region which is explained with very poor quality of roads. Comparing usage of busses between 2011 and 2012, it has been significantly increased therefore also more technical problems have been identified in 2012. According to yearly reports municipalities have confirmed that transportation of school children are ensured also in periods while Swiss busses are in a service for repair. During 9 post-completion visits in 2013, 5 municipalities have confirmed that no significant technical problems have been identified and they are satisfied with the quality of busses, 3 municipalities have informed about minor technical problems, whereas significant technical problems were identified for one buss in Jekabpils District Municipality, which had to wait a long time for spare parts – glass door. SRDA has discussed the question regarding spare parts with supplier “Latursus Ltd.”, who explained that some spare parts shall be ordered from the factory, which takes a longer time period, for example, design of the glass door has been changed by the factory therefore a separate order was made. The supplier also concludes that most of all technical problems are related to poor quality of roads.

Taking into account recommendation provided within the Internal Audit Report of the Federal Department of Foreign Affairs of Switzerland – the follow-up process for the School busses project should be reassessed in particular, it should be determined whether the frequency of project visits is sufficient. Taking into account the audit's recommendation and in addition to measures already taken by the EA and the Competent Line Ministry, the NCU asked the EA to reassess the frequency of existing post-completion visits to the municipalities which have received school busses. In order to perform additional post-completion visits, the SRDA has initiated to use part of savings within the Fire safety project to ensure post-completion visits in School busses project by combining monitoring visits of these two projects. The non-objection of Swiss competent authorities was received on 19 December 2013, thereby 16 post-completion visits are planned in 2014 as well as additional post-completion visits will be performed in 2015 and 2016 by SRDA.

Modernization of courts project

During reporting period the CA initiated amendments in the PA in order to prolong implementation period for six months, till 31 December 2013, as well to include additional partners who will receive video conference and sound recording equipment thereby extending possibility to make videoconference sessions with more institutions. On 28 June 2013 the Swiss competent authorities approved the initiated amendments.

Videoconference and sound recording equipment instalment

During reporting period all planned 13 additional video conference equipment, audio recording equipment units, displays and microphones were installed in court rooms, State Forensic Science Bureau, Ministry of Justice and in the CA. Quality control and quality assurance over additionally installed equipment was ensured by the service provider “Corporate solutions” Ltd. As a result the service provider prepared detailed reports with the general conclusion that the equipment has been supplied and installed in accordance with supply contract (LLC Lat-

telecom Ltd.) and in adequate quality, however few deficiencies and possible future improvements to the operation of the installed equipment were identified. All deficiencies are with a low risk and doesn't affects directly the provision of services. Until the end of the reporting period most of deficiencies have been eliminated.

During 2013 additional user support was provided to selected courts for assistance in daily video sessions with prison facilities (service provider LLC "Lattelecom").

Already 4430 video and audio recordings have been held including video conferences with forensic experts, cross border cooperation and prison facilities thereby target indicator of 2000 video and audio recordings according to the Project Logical Framework has been overreached and the trend for using of videoconference and sound recording equipment is growing.

Improvement of direct access to the courts through use of new technologies

In order to improve information and service delivery to inhabitants and businesses, a new audio protocol tagging system was developed and successfully installed for more than 500 users all across courts in Latvia. The system provides court hearing audio protocol tagging functionality, enabling the user to select and hear the required speaker only.

During the reporting period 5 foreign exchange visits and 1 seminar was organized. Foreign exchange visits were organizes to Madrid, Spain (in April 2013), Hague, Netherlands (in October 2013.), Strasbourg, France (in November, December 2013) and to Paris, France (in December 2013). Participants were from the CA, Ministry of Justice, Supreme Court of Latvia, Riga District Courts and Regional Courts. The main goal was to get acquainted with the use of modern technologies in the courts' proceedings, justice system and best practise of courts' in other countries. Detailed description of the Pan-Baltic Seminar in the area of court modernization (held in August 2013) please find in the section 5 of this report.

By the end of December 2013 all activities were successfully completed. Main achieved results within 3,5 years of project implementation are:

- 94 video conference equipment and 308 audio recording equipment units have been installed in court rooms and prisons.
- Courts' cost management has been improved by improving procedures for cost control and cost reduction in courts (report representing analysis of costs for the work processes of courts developed, model of costs accounting developed and discussed, extensive user training of costs accounting model provided etc.)
- Improved courts' procedures' effectiveness by unifying court procedures for time and other resource reduction (analysis report of process improvement areas developed, implementation plan developed outlining the major steps to be taken in order to share best practise of courts' organization thereby "cost-drivers" of courts' procedures are identified and monitored)
- Simplified the way inhabitants and business can communicate with courts by providing e-services² to general public (information dissemination system created, usage of national court portal increased up to 40%, 46 information e-kiosks and 130 modern unified information boards established in court buildings)
- Information and service delivery to inhabitants and businesses has been improved through 5 court electronic services, court intranet as well as 40 electronic forms for

² <http://www.youtube.com/watch?v=9J5Z20IGfhI>

claims and documents for court proceedings developed, 85 scanner seats established to process paper forms.

On 30 January 2014 in the Steering Committee meeting the CA initiated to evaluate the projects' results and impact on justice sector (including development of transition management, plan for ensuring sustainability of the project as well as development of future scenarios) by carrying out a research. The main objective of proposed research was necessity to evaluate reached project results both quantitatively – reduction of time period of court procedures, financial savings for majority of projects' activities (video conference equipment and audio recording equipment, establishment of new e-services etc.) and qualitative assessment of achieved results within those activities. It is planned that the research will be completed by the end of April 2014. The initiative was supported from the Swiss competent authorities as well as from the NCU side, taking into account that eligibility of costs for reporting, auditing and evaluation ends six months after project completion.

Risks

No further risks related to the project's completion are detected. But still the project's post-completion condition – to ensure that the courts modernization project is operational at least five years after project completion has to be monitored. A plan for ensuring sustainability of results will be developed within aforementioned research.

2.3. Priority sector “Environment and infrastructure”

Sarkandaugava project

Site I/II

Remediation works are on-going. They were started on 1 March 2013 and shall be completed until December 2016. From July till December 2013 the association of persons “Intergeo – R” (contractor) performed a 6 months long pilot project to present its technology for remediation before the final acceptance. According to time schedule till June 2013 technical design was accomplished and confirmed. In July 2013 the construction permit was received and construction works according to the pilot project were done, technological equipment supplied and installed. Till the end of period the pilot project works were done: floating oil pumping technology tested and 27,24 m³ of floating oil products pumped out (according to the contract must be pumped at least 22,6 m³); microbiological tests were made with contaminated soil (sorbed fraction) to select the optimal sorbed fraction treatment technology and reagents. In December 2013 a report about the pilot project was received by the contractor. On 28 December 2013 engineer approved submitted pilot stage and recommended to continue the preparation works for the further implementation of the remediation project. Until March 2014 designing of remediation work phase was made and technical design in Site I/II was confirmed. On 11 April 2014 “Intergeo – R” received construction permit and started construction works. According to supervision and construction agreement as well as to FIDIC regulations construction supervision was performed during all the period.

Site III

After the tender for remediation works in the Site I/II was completed, the SES identified budget remainings in the activity „Legal services - Organization of tenders, tender documentation, evaluation, conclusion of contracts” in the amount of 28 610 CHF to be re-allocated for the remediation works in the Site III and accordingly updated the FPP, log-frame, project budget and disbursement plan to amend the PA. Documentation was updated in close cooperation with Swiss competent authorities, Swiss technical experts and the NCU. On 13 November 2013 the Swiss competent authorities approved amendments to the PA thereby the grant in the amount of 4 842 091 CHF became available for release the 2nd tranche. At the same time the SES carried out procurement for legal services in order to elaborate the project procurement documentation for works in Site III. On 13 November 2013 the SES signed agreement with "PB Inženiertehniskais birojs" Ltd. for provision of legal services. After that the SES started to elaborate procurement documentation which before official submission was reviewed and commented by the CFCA, Swiss competent authorities and Swiss technical experts. On 4 February 2014 the Swiss competent authorities provided non-objection to the tender documents (Decision letter). The tender procedure was harmonized with the Procurement Monitoring Bureau and on 14 February 2014 the open tender was announced with the deadline – 14 April 2014. Within the procurement 2 offers were received and will be evaluated until 30 April 2014. Within the Decision letter the following recommendation for Latvian authorities was made – to develop alternative proposals how to use remaining funds within the Swiss Programme in case if the work contract for Site III cannot be signed by June 2014. The NCU asked the competent line ministry together with the SES to develop proposals and on 29 November 2013 the following ideas were received:

- 1) Pilot project of historically polluted areas in Sarkandaugava "OVI Rīga" Ltd. (experimental works in order to determine the optional technological solutions for remediation works);
- 2) Additional research and pilot project of "Trans Quadrant Rīga" Ltd., JSC "Start Rīga", "Letors" Ltd. un JSC "Rikon" historically polluted areas within Sarkandaugava;
- 3) Additional research and pilot project of JSC "BLB Baltijas Termināls", SIA "Vega Stividoris" Ltd., "Kortex" Ltd. un "Grand" Ltd. historically polluted areas within territory of Jaunmīlgrāvis.

Risks

As implementation of the project's first part was noticeably prolonged due to deviations in procurement process, there is a high risk of time constraint for the remediation works in Site III. The project is strongly monitored from all involved parties. The SES prepared a time table for activities to be accomplished by June 2014 in order for management institutions to monitor the procurement and contracting process of remediation works in Site III. As well as the alternative ideas were developed how to use remaining funds within the programme in case the work contract for Site III cannot be signed by June 2014.

For the on-going works in Site I/II weekly and monthly meetings are held and weekly and monthly reports on progress of works are processed thereby the engineer and the SES are regularly informed.

2.4. Priority sector “Promotion of the Private Sector”

World Bank project

Enhancement of the institutional capacity to implement IFRS

(a) IFRS workshop

The CFRR jointly with the International Accounting Standard Board (IASB) organized a five-day Executive IFRS Workshop for financial regulators from 3 till 7 June 2013 in Vienna. The main focus of the workshop was to bring more knowledge to the participants about the assumptions and judgments that were made in putting together financial statements so that financial regulators could make sound judgments themselves in carrying their regulatory work more effectively. Four representatives from Latvia participated – 2 from the State Revenue Service and 2 from the Financial and Capital Market Commission.

(b) IFRS training

In September and on 1 October 2013 one additional course of IFRS Advanced was organized and delivered. Updated materials translated into Latvian were procured by CFRR for the event. The trainings attended 30 participants from the MoF, the State Revenue Service, Financial and Capital Market Commission, the State Treasury, the Latvian Association of Statutory Auditors. After training feedback forms were collected. They showed that participants were satisfied with all tutors and in general evaluated their performance as very good and some participants even ranked the training as “best practice” therefore in general the training met participants’ expectations and needs and will be useful in their professional practice.

(c) STAREP workshop

On 1 and 2 October 2013 three representatives from the MoF participated in the CFRR’s organized workshop in Vienna. A new regional programme was launched –STAREP (Strengthening Auditing and Reporting in the Countries of the eastern Partnership) – involving Armenia, Azerbaijan, Georgia, Moldova and Ukraine, where many distinguished speakers from the world of accounting and auditing were invited to speak for an internal audience.

(d) IFRS conference

On 4 December 2013 FRTAP Poland organized its annual IFRS conference in Warsaw where speakers from the IASB and ESMA updated the audience on developments and changes to International Standards on Auditing and regulations. One representative from the State Revenue Service participated in the conference.

Enhancement of institutional capacity to implement ISA

(a) ISA training

During reporting period no further ISA training was delivered but CFRR staff and the MoF discussed possible further ISA activities that could be built on the training delivered already.

(b) Public oversight of auditors and quality assurance

From 22 to 25 April 2013 five representatives from Latvia (3-MoF, 2-LASA) participated in the CFRR’s organized study visit to the Norwegian Financial Supervision Authority (FSA) – the body responsible for public oversight of auditors and for the conduct of external quality assurance inspections of auditors, and the Norwegian Institute of Auditors (DnR). The visit

achieved its objectives and offered to participants a wide range of useful information and experience.

From 9 to 10 December 2013 FRTAP countries including Poland, the Czech Republic, Slovenia and Latvia, and also guest participants from Turkey, met at the CFRR in Vienna for an “Enhancing audit quality in FRTAP countries” workshop. From Latvia 3 representatives from LASA participated. This workshop followed a series of study visits undertaken by the group to Switzerland, the Netherlands and Norway. During workshop following quality assurance issues, tools and methodologies were presented:

- annual returns and risk assessment as well as the review of audit firms and audit engagements;
- the FRC’s quality assurance methodology and software as well as topics such as inspection mandate; selection & review of audit engagements; review of firm-wide procedures; reporting; and other inspection activities;
- overview of the latest news from Brussels on proposed EU audit reform;
- public oversight and quality assurance arrangements in Germany, in Latin America, in Canada and in the Czech Republic highlighting the range of perspectives and approaches globally.

Combined with insights gained during the study visits these presentations provoked interesting group discussions of issues such as the extent to which the public oversight board can rely on the quality assurance work of the profession; funding of oversight activities; the relationship between public oversight board and other financial sector regulators and issues of auditor independence. This was considered as an excellent opportunity for participants to discuss current public oversight and quality assurance arrangements in their home country and to share good practice, but also to use the experience of other countries to identify areas which could benefit from further strengthening. These reflections will help to shape further CFRR-organized FRTAP activities.

(c) Audit software

During the Steering Committee meeting on 28 August 2013 a decision was made to refuse from the future implementation of the Descartes IT System for Auditing due to high license fee as well as the sustainability of the relatively high cost of the annual fees would be in jeopardy. Consequently the LASA intends to pursue the Estonian product, which is predicted to be available in 2014, as most cost effective. In the Steering Committee meeting held on 30 January 2014 CFRR pointed out that its only involvement in the implementation of IT system for Latvian medium and small size commercial companies of sworn auditors is to make procurement and relating payments, although all decisions regarding IT System for Auditing makes LASA. For that reason the CFRR involvement was useless and it just raised the costs. However, LASA has confirmed that IT system for Auditing is still necessary and has agreed to implement it without the CFRR’s involvement. Procurements as well as implementation of the IT system for Auditing will be carried out by LASA provisionally till end of June 2015. The above mentioned changes are stipulated in the PA’s amendments as of 31 March 2014.

Enhancing the relationship between tax accounting and general purpose financial reporting

In October 2013 a first draft of the Study on Relationship between Tax and Financial Reporting was received from “PricewaterhouseCoopers” Ltd. and distributed to the MoF and other stakeholders for feedback. In February 2014 also draft Mazars³ report on tax reporting rules in EU member states was received and distributed for feedback.

³ *Mazars* is an international, integrated and independent organisation, specialising in audit, accountancy, tax, legal and advisory services.

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

In August 2013 the CFRR formally started to develop the ROSC report. During reporting period ROSC questionnaire was translated into Latvian to ease the task of completion by the various institutions. At the beginning of April 2014 the CFRR has received first versions of completed questionnaires. Further on the CFRR will analyse information provided within the questionnaires and, if necessary, additional information will be required. When all the answers of questionnaires will be collected, responsible CFRR experts will continue to work for ROSC report which shall be developed till December 2014.

International Accounting standards and International Auditing standards translation project

(a) Revision of the Latvian translation of all endorsed IAS/IFRS and related Interpretations

During reporting period the MoF organized a procurement procedure for this revision, only one offer was received. As offer's price was higher than foreseen in the budget, the tender ended without results. According to PA's amendments approved on 31 March 2014, budget for this activity was increased and new procurement procedure are planned to be announced in January or February 2015.

(b) The translation of Guide to Using International Standards on Auditing in the Audits of Small-and Medium- Sized Entities (Third Edition; Published: 9 November, 2011)

During reporting period the MoF organized the procurement procedure for translation of Guide to Using ISA in the Audits of Small and Medium Sized Entities. In December 2013 the Guide was translated into Latvian and also published on a website of the MoF⁴.

Amendments in the Project

Reflecting the need to prolong the project (till 30 June 2016, incl. CFRR activities' prolongation till 31 December 2014), to make significant changes within the 2nd activity "Enhance institutional capacity to implement International Standards on Auditing (ISAs)" and to reallocate savings from activities carried out by the project partner Centre for Financial Reporting Reform of the World Bank (CFRR), the MoF on 21 March 2014 initiated amendments in the PA. The Swiss competent authorities approved this proposal on 31 March 2014.

As there are savings identified in the project activities carried out by CFRR, the MoF with amendments proposed to develop an IT system „Software System (database) for the oversight of the statutory auditors". The system will provide risk based approach for quality control inspections as database will comprise information on disciplinary proceedings, results of inspections, recommendations, customers, reports, certificates, etc. The system will be used by authorized persons of the MoF. In order to implement this activity the MoF will organize procurements for development of technical specification of IT system and for development of Software System (database) for the oversight of the statutory auditors.

Risks

The project was prolonged till 30 June 2016, however project implementation must be monitored as 2 procurement procedures for IT systems will be organized. As well as to avoid risk, that the CFRR will not fully implement activities till end of 2014, the EA are following to the prepared time schedule for implementation of CFRR activities.

⁴http://www.fm.gov.lv/lv/sadalas/gramatvedibas_un_revizijas_politika/projekts_tehniska_palidziba_finansu_par_skatu_sagatavosana/tulkojumi/

Micro lending programme

In less than two years' time, since October 2011 by the end of August 2013, the funding of the programme, as far as allocation of micro-loans and grants is concerned, was already fully utilized thereby 800 micro loans were allocated to micro enterprises in total amount of the Loan Fund 7,2 million CHF. Starting from the end of August/early September 2013 further allocation of new micro-loans was provided only from repayments of the previously disbursed loans – till end of reporting period 117 micro loans allocated from repayments. Meanwhile, allocation of new grants has been stopped in August 2013, since there is no additional funding for the grants foreseen.

In total, since programme's beginning 917 micro-loan (versus 650 initially planned in FPP) was allocated for a total amount of 9,6 million CHF. Out of these, 866 micro loans were disbursed for a total amount of 8.7 million CHF.

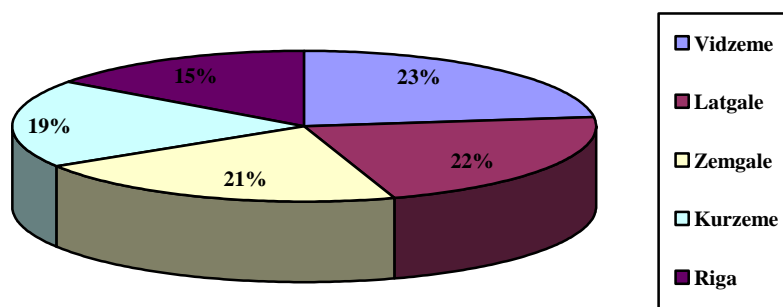
Regarding the grants, in 677 cases of allocated micro-loans also grants for loan redemption were awarded for a total amount of 811 thsd. CHF. According conditions set for the programme, disbursement of a grant can be started one year after the micro-loan has been allocated. In real terms disbursement of grants started in November 2012, until the end of reporting period more than one third (37%) of allocated grants were already disbursed – 282 grants for a total amount of 345 thsd. CHF.

In the end of 2013 the loan portfolio of the programme was in size of 5,5 million CHF. In general, the quality of the loan portfolio can be evaluated positively: delayed principals are in amount of 49,9 thsd. CHF or just 0.9% of size of portfolio. The average timeliness of both principals and interest payments is 94%. In 13 cases delay of payments exceeds 90 days, in 8 cases - the time period between 60 to 90 days and in 8 cases -the time period between 30 to 60 days. Up to now 8 cases are recognized as written-off loans for a total amount of 75.6 thsd. CHF.

Average size of a micro-loan is 10.2 thsd. CHF. Almost every fifth micro-loan (18%) is in maximum amount of 17.6 thsd. CHF. Less demanded are small-sized micro-loans in amount up to 2.5 thsd. CHF.

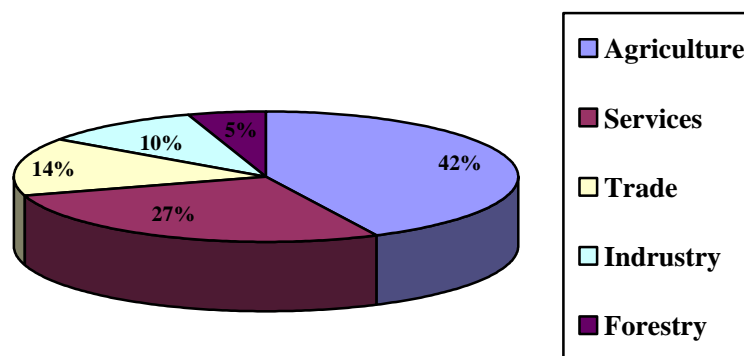
Allocated micro-loans are regionally well balanced: so far micro-loans were more demanded in the planning regions Vidzeme (23%), Latgale (22%), and Zemgale (21%), followed by Kurzeme (19%). A bit less demanded are micro-loans in the planning region of Riga (15%). Distribution of allocated micro-loans in selected cities and towns: Riga (92 micro-loan), Daugavpils (38), Liepāja (23), Jēkabpils (17), Kuldīga (14), Saunas parish (9). Please, see the chart below.

Chart 6 “Characteristics of allocated micro-loans by region”



According to distribution by branches, 42% of all micro loan projects are in agricultural sector, 27% - in services, 14% - in trade, followed by industry (mainly wood processing and food industry) -10% and forestry - 5% (please, see the chart below).

Chart 7 “Characteristics of allocated micro-loans by sectors”



Project management

During reporting period LHZB was reorganized into a specialized financial institution (ALTUM), therefore several organizational changes were ongoing (e.g., changes in staff, reshape of organizational units etc.), however these processes did not affect directly implementation of the programme.

Constantly majority of the costs are related with the staff (salaries/ social contributions). The left costs are mainly related with the IT, software, marketing, security expenses etc. In reporting period about 2/3 (68%) of allocated budget for management expenses have been used. ALTUM in co-operation with the Ministry of Economics and the NCU has introduced a new methodology to use the cost sharing method for calculating the programme management costs (they will be calculated, based on actual expenses of ALTUM by relating them proportionally to the programme). This approach will provide better flexibility, as well as provisionally utilization rate of the budget for management cost will rise significantly in left time period of the programme. The new methodology has been applied since January 2014.

Within the micro lending programme the employment of microenterprises more than doubled thereby output target of employed people in microenterprises⁵ (after completion of the projects provisionally ~1750 jobs will be saved and 483 newly created) is already overreached versus targets set in the PA (up to 900 people employed in microenterprises). The programme is regionally very well balanced thus the objectives of regional economic policy of Latvia are reached and a successful contribution is made to the economic development of rural regions in Latvia⁶. In Latvia similar activities are financed under the European Social Fund, nevertheless the programme is very well demanded due to the lighter conditions for micro loans.

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

⁶ Conclusion in the study made by the researchers Guido Baldi, Vairis Sadovskis and Viktorija Šipilova on Economic and Employment Effects of Microloans in a Transition Country; January, 2014.

2.5. Priority sector “Human and Social Development”

Scholarship fund

During the reporting period the 5th and the 6th open calls were announced. Till end of March 2014 all 5 projects approved in the 1st and the 2nd calls were successfully completed.

Please find in the table below an overview of open calls’ progress achieved by the end of March 2014 and financial progress within the Fund.

Table 4 “An overview of open calls and financial progress within the Scholarship Fund”

Call No.	Available sum per call	Utilized grant after call	Utilized grant vs. available per call	Call duration	Received/ Approved/ Completed projects
1.	886 233	337 167	38%	01.09.-01.11.2010.	5 / 3 / 3
2.				01.09.-01.11.2011.	5 / 2 / 2
3.	990 187	455 250	46%	01.09.-01.11.2012.	13 / 6 / 0
4.	495 786	252 700	51%	01.01.-01.04.2013.	5 / 3 / 0
5.	710 035	377 200	53%	01.09.-01.11.2013.	15 / 4 / 0
6.	316 014			01.01.-01.04.2014.	21- received
Total:	1 839 329*	1 422 317	77%		43 / 18 / 5

**excluding CRUS management and evaluation committee costs*

The fellows from the 3rd call are currently in Switzerland and will stay there until all researches will be accomplished – till October 2014. The fellows are performing researches in fields like environmental science, biology research and medical science, environmental science and biology research, engineering.

The fellows from the 4th call were approved by the CRUS on 29 August 2013 at the Steering Committee meeting and will be accomplished till December 2014. The fellows are performing researches in fields like legal and social sciences and experimental medicine.

On 24 March 2014 at the Steering Committee CRUS approved 4 applications within the 5th call. The fellows will perform researches in fields like legal and social sciences, physics, engineering.

The 6th (and last one) call for Latvian PhD and post-docs applicants was announced by the CRUS on 3 January 2014 with the deadline 1 April 2014. On 7 and 13 February 2014 SEDA organized informative seminars for potential applicants about conditions of the 6th call.

In October 2013 the SEDA carried out short interviews with fellows from the 1st to 3rd open calls to obtain feedback on the progress and results reached within the projects. After interviews with 1st and 2nd call fellows SEDA concluded that:

- most of fellows have returned to Latvia and has obtained or are going to obtain a PhD degree;

- scientific publications related to the research areas has been published and, for example, one fellow reported research results at the congress of the International Society of Limnology which took place in Budapest in August 2013⁷;
- fellows are continuing to participate in different projects and working as a researchers;
- presentations in their representing universities have been made regarding research topics and time spent in Switzerland;
- fellows appreciate the experience gained in Switzerland and recognize it as very useful as well as fellows have handed it over to their colleagues at their representing universities.
- fellows appreciate the opportunity given to work in the Switzerland's institutes, to cooperate with many researchers, to participate at various courses and in some cases further cooperation options were considered between universities.

The fellows from the 3rd call are still in Switzerland and recognize their research stay as very successful, the workload is quite high and cooperation with mentors and colleagues are very good. The fellows appreciate the assistance provided as well as envisage some scientific publications on the research in the future. Some of fellows have already participated at a conferences and workshops where presented a research topic and results achieved so far.

In order to facilitate utilization of grant SEDA has provided the information on the open call via webpages, press releases, publications in newspapers, e-mails, seminars, radio, TV as well consultations were provided to potential fellows/mentors – by phone, e-mail, on the spot at VIAA and during seminars.

The SEDA closely collaborated with the CRUS which provided support on every stage of the implementation – evaluation, statistics, finances and everyday communication. The SEDA participated in the 3rd Sciex Fellows' Event and training seminar organized by the CRUS on 15 and 16 October 2013 in Zurich (Switzerland) and in the Steering Committee Meeting on 24 March 2014.

On 8 July 2013 the Amendments No 2 of Memorandum of Understanding was signed between the CRUS and the SEDA providing more exact formulation of Article 2.3.1 since VIAA is not involved in the review of Home Mentors' and Fellows' reports.

Please see in the Annex 3 the list of approved applicants after 3rd to 5th open calls.

Risks

Since almost 77% of all financing is utilized and one more open call is left for 316 014 CHF (for 3 fellowships) there is low risk that committed grant will not be utilized.

Swiss researchers' activities

During the reporting period the 3rd and the 4th open call were announced. Till the end of March 2014 36 projects from the 1st to the 3rd calls were successfully completed out of 49 approved. In order to facilitate utilization of the grant, the 4th call will remain open until all the available grant will be contracted.

Please find in the table below an overview of open calls' progress achieved by the end of March 2014 and financial progress within the Swiss researchers' activities.

⁷ <http://www.sil2013.hu/>

Table 5 “An overview of open calls and financial progress within the Swiss researchers’ activities”

Call No.	Available sum per call	Utilized grant after call	Utilized grant vs. available per call	Call duration	Received/ Approved/ Completed
1.	88 235	20 130	23%	01.03.-30.04.2012.	9 / 9 / 9
2.	101 856	14 105	14%	01.09.-01.11.2012.	8 / 7 / 7
3.	106 701	47 150	44%	01.03.-01.05.2013.	27 / 25 / 20
4.	448 026	14 398	3%	01.09.2013.- till all grant will be contracted	14 / 8 / 0
Total:	529 411	95 783	18%		58 / 49 / 36

Swiss researchers approved in the 2nd open call lectured and shared research experience in fields like musicology, veterinary medicine, physics, mathematics, biology, chemistry, pedagogy and business. Visits took place from February 2013 and continued till June 2013 and their duration was on average from 4 days till 2 weeks. All projects are completed successfully. One on the spot check to one of the completed projects was performed by SEDA. During this visit SEDA was informed that the Swiss researcher was very pleased about the visit and expressed willingness to continue participation in the similar projects only with shorter duration of the visit.

Swiss researchers approved in the 3rd open call lectured and shared research experience in fields like pedagogy, management sciences and business, environmental science, musicology, medicine and public management. Visits took place from September 2013 and will continue till May 2014 with the duration on average from 4 to 11 days. During reporting period already 20 projects were successfully completed.

During reporting period SEDA together with representative of SCO carried out on the spot visits at 3 regional universities – on 11 February 2013 at Ventspils University (hosting institution in the 1st open call); on 31 January at Daugavpils University and on 11 February at Liepaja University (hosting institutions in the 3rd open call). After visits SEDA concluded that:

- visits were very useful for universities
- both hosting institutions and Swiss researchers provided positive feedback
- the funds provided opportunity to attract necessary Swiss researchers
- universities support necessity of these funds and they all are going to apply also in the future calls
- the remuneration to Swiss researchers is not high enough, with higher remuneration it would be possible to attract high-ranking academic staff to lecture in Latvia
- it isn't easy to find and attract an appropriate Swiss researcher who would lecture and share research experience in particular field
- not always Swiss researchers are informed about this funding.

On 23 August 2013 the amendments to the Regulation of the Cabinet of Ministers on open call guidelines for applicants came into force in order to facilitate the granting. The main changes are as follows:

- starting from the 4th open call further no separate open calls will be announced but only single open call (last call) will be launched which will stay open until all available grant will be contracted. The applications will be selected after 2 months long projects' selection rounds

- More flexible approach for evaluation of projects in the last projects' selection round will be applied thereby also projects with lower co-financing rate shall be approved depending on the available grant amount
- Expanded range of potential applicants, thereby not only the higher education institutions, but also colleges could apply
- Simplified procedures for requirements in application form;
- The contract between hosting institution and institution of Swiss researcher can be signed in longer period – 45 days (previously – 30 days).

In order to facilitate utilization of the grant SEDA has undertaken a wide range of activities such as provided the information on the open calls via webpages, press releases, publications in newspapers, e-mails, radio as well consultations by phone, e-mail. On 18 and 20 February 2014 SEDA organized informative seminars at the premises of SEDA as well as in March 2014 at regional universities (Ventspils, Liepāja, Rēzekne, Jelgava). Also contacts with CRUS Regional Offices (RO) were established and information about the activity through RO in Swiss universities and scientific institutions was distributed. Also E-material (e-booklet) has been sent to regional offices of CRUS for distribution to all Swiss Universities. In addition, a video material⁸ about the activity and experience of researchers, who have visited Latvia, was developed. The video material has been sent to regional offices of CRUS for distribution to all Swiss Universities (also available on SEDA website and YouTube) and was presented during the organized seminars. Information on the available funding under the grant scheme has also been published on the CRUS website.



Please see in the Annex 4 of this report the list of approved applicants after 3rd and 4th open calls and in the table below an overview of open calls and financial progress.

Risks

The main risk is not to receive enough applications in the last open call thereby committed grant will not be utilized until the end of project implementation period – 30 September 2015. Therefore SEDA has undertaken a wide range of activities to facilitate utilization of the grant

⁸ http://viaa.gov.lv/lat/starpvilstu_sadarbiiba/sveices_sadarbibas_programma/sveices_petnieki_latvija/

and in August 2013 has carried out a survey to find out the main reasons for the low activity of the applicants. The main findings were as follows:

- higher education institutions and scientific institutions do not have contacts in Switzerland; Swiss academic staff reluctantly respond to cooperation requests as they are not well informed about academic environment in Latvia (historical aspect);
- only high level academic (scientific) staff can be invited to participate in projects (professor, associate professor, docent, senior researcher);
- complex project application form and too short deadline for submission of them (2 months for each call).

In the end of 2014 SEDA plans to initiate prolongation of the activity for more than 1 year – till 31 December 2016. As well as SEDA plans to initiate amendments in the open call guidelines for applicants envisaging to change the payment conditions for final beneficiaries (advance payment 80 % (currently – 20%), final payment – 20% (currently – 80%)) and to provide remuneration to Swiss researchers for lecturing (currently – no remuneration foreseen).

2.6. Special allocations

NGO fund

The fund was successfully completed in April 2013. On 24 April 2013 the closing event was held containing discussions on the sustainability of reached results and development of them in the future as well as demonstration of subprojects' results.



From March till August 2013 an independent evaluation⁹ of the fund, achieved results and the implemented subprojects in the period from 2009 to 2012 was performed by an external research company. The main conclusions were that the fund has fully reached the main objective – to promote civil society's contribution to economic and social cohesion, as well as following results were achieved:

- in subprojects implemented within the fund a total of 191 associations and foundations were involved whose activities are targeted at children, youngsters and/or senior citizens. As a result, these NGOs have improved their capacity in working with the target groups (including improvement of their infrastructural basis), developed networks and participated in the exchange of experience within Latvia, as well as with partner organisations from Switzerland, developed new and improved existing services.
- 21 subproject has supported civic involvement of people in risk of poverty and social exclusion in the operations of NGOs, development, implementation and monitoring of legislation, voluntary work, charity and philanthropy.
- 43 subprojects were implemented in partnership with the organizations from the public sector including municipalities, as well as municipal and state institutions. NGOs provided social and other support services using the municipal infrastructure, whereas the municipalities assisted with the promotion activities. Two projects have resulted in recommendations provided by NGOs which were taken into account while improving the municipal regulations.

⁹ <http://www.sif.lv/images/files/informativie-materiali/progr-izvertejumi/Assessment-report-NGO-fund.pdf>

- 21 subproject has supported civic involvement of people in risk of poverty and social exclusion in the operations of NGOs, development, implementation and monitoring of legislation, voluntary work, charity, philanthropy, as well as cooperation among the state institutions, municipalities, businesses and NGOs.
- 20 subprojects were implemented in cooperation with partners from Switzerland with common activities including exchange of experience visits, seminars and support to the partner organizations in Latvia in development of services, thus strengthening the ties between the NGO sectors of Latvia and Switzerland.

The fund has been a success story – with the available financing it has reached much higher rated results than initially planned within the PA. Firstly, the fund has supported more subprojects than planned, secondly, the cooperation with public institutions, municipalities as well as with Swiss partners is four to five times higher than expected, thirdly, the supported target group is 20 times larger than expected. Detailed description of achieved progress in reaching fund's results please see in the section 3 of this report.

TAF

During the reporting period following activities were covered from the TAF: organization of the annual meeting and site visits, translation costs, participation in the Annual Conference dedicated to Swiss Cooperation with Eastern Europe with the focus on a selection of projects and their first results (in Bern on 31 May 2013), participation in the 6th Baltic Retreat (in Druskininkai, Lithuania, on 5-6 September 2013) as well as CFCA's service maintenance for standard software licenses and purchase of the standard software licence for Swiss programme's section in CFCA's management information system.

To continue the Swiss Programme's implementation stage in 2014 the plan has been set to evaluate media publications by using the **Media Monitoring** (the NCU's initiative starting from January 2014). The first results of the analysis will be presented during the Annual Meeting.

During the Baltic Retreat the discussions on communication and visibility of the Swiss Programmes in the Baltic countries took place, where the Swiss Embassy presented the new publicity initiative – to produce audiovisual material about Swiss contribution and to implement this as a pilot project in Latvia, because in Latvia several projects are already terminated or they are at a very well-advanced stage. The NCU initiated amendments in the TAF in order to include a new subactivity "Videos about Swiss contribution" to be implemented by the Swiss Embassy. They were approved on 3 December 2013. The agreement between the MoF and the Swiss Embassy was signed on 28 January 2014 and the activity will be implemented till the end of 2014. As a result approximately 8-10 video stories in Switzerland and 10-12 video stories in Latvia will be created. The stories will be posted on the Swiss contribution to EU's enlargement webpage¹⁰ and they will be used in other public communication tools, such as the SDC newsletter.

¹⁰ www.contribution-enlargement.admin.ch

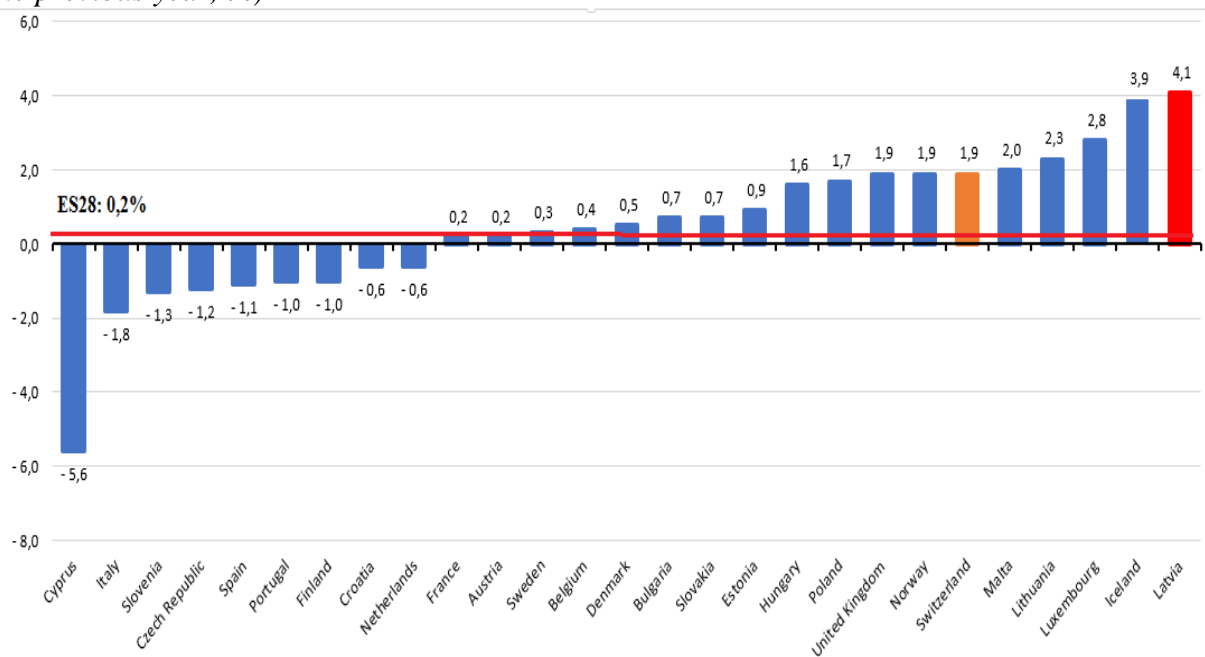
3. Progress made towards implementation of the Swiss Programme against the conceptual framework

3.1. Assessment of the contribution

After sustained stagnation the EU economy showed positive growth in the 2nd quarter of 2013. It was continuing also in the 3rd quarter of 2013 when GDP was by 0.2% higher than a quarter before. Also latest business tendency surveys show that economic activities in the EU are gradually increasing. The recovery is expected to continue and to gather some speed in 2014. Nevertheless, development trends in Member States of the EU still differ. Growth in new EU countries is faster than on average in region. Baltic States indicate the most rapid economic growth within the EU as a whole. Further growth still depends on risks and uncertainty in global market and political aspects.

Since the end of 2009 a gradual growth is seen in the economy of Latvia. According to the Chart below the GDP has increased by 4.1% against the corresponding quarter of the previous year.

Chart 8 “GDP growth in the 3rd quarter of 2013 in EU (against the corresponding quarter of the previous year, %)”



Source: European Commission

According to expert assessment Latvia has achieved fastest growth in EU that is sustainable and balanced between external and domestic demand. Latvia during last 3 years has been most growing economy in EU and it is expected that Latvia will remain among the fastest growing economies in EU. However, growth has become slightly moderate.

Being a small and open economy Latvia's economic growth is to a great extent dependant on the processes in other countries with which it has close economic ties. Considering that Latvia's largest export partners are its neighbouring countries like Lithuania, Russia and Estonia, which also are on the path of a rapid post-crisis economic growth, as well as Poland and Germany, which are large and stable economics, there are good perspectives to achieve the forecasted growth level. The EC forecast that economic growth rates in 2014 will increase in all

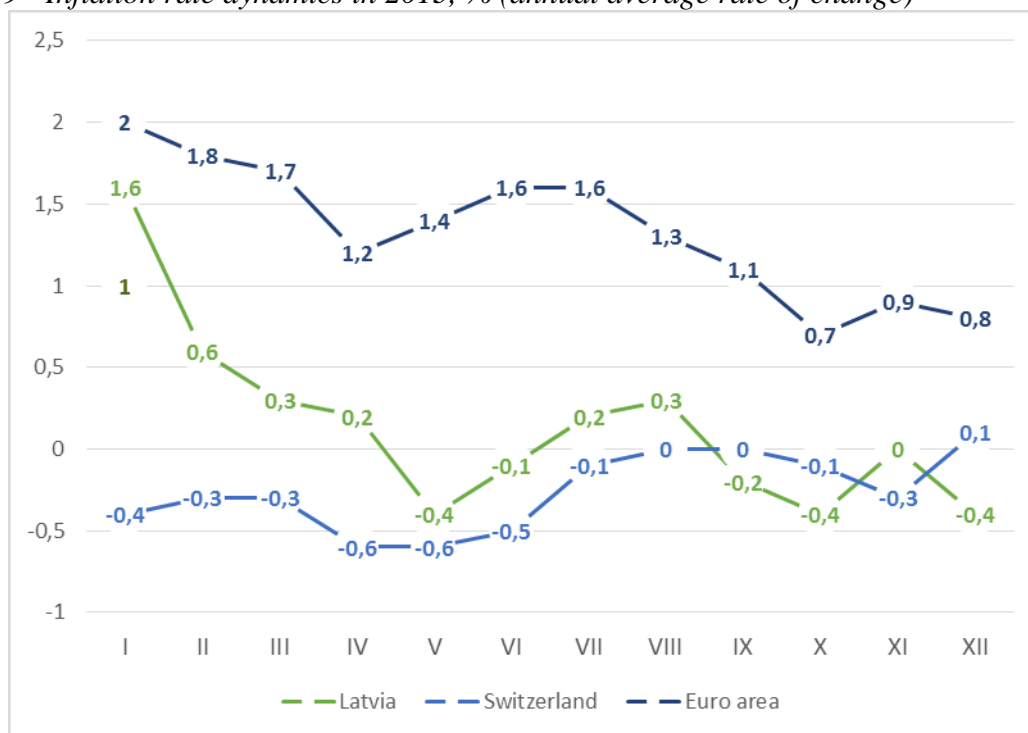
of these countries. Stronger trading partner's demand would provide the opportunity for Latvia – to expand export markets and thereby strengthen its position.

Joining the euro zone on 1 January 2014 was one of the most important events of Latvian economic. Membership of euro zone provides more opportunities for sustainable overall development of Latvia by reducing various costs related to currency exchange for residents and enterprises thus developing a stable business and investment environment in Latvia and thereby fostering decrease of economic disparities within Latvia and EU states.

Stability of Latvian economy can be also testified by the increased credit rating at least for one grade in 2013 by all biggest credit rating agencies ("Moody's Investors Service", "Standard & Poor's", "Fitch Ratings"). Long-term investments` ratings for Latvia are evaluated with positive and stable future forecasts as compared to under investment category level during crisis period.

Economic growth is related with inflation dynamic. In 2013, changes in consumer price level were very moderate in Latvia. Inflation dynamic in Latvia, Switzerland and EU is shown in the Chart below. In November 2013 consumer prices were by 0.4% lower than a year ago. In 11 months of 2013, drop in prices of food (by 1.4%), fuel (by 4.9%) and heat (related to decline in prices of natural gas – by 6.8%) had the greatest downward impact on the consumer price level, while increase in the prices of footwear (by 5.8%) applied the most significant upward effect. Also at the level of EU price dynamics was more moderate in 2013.

Chart 9 "Inflation rate dynamics in 2013, % (annual average rate of change)"



Source: *Tradingeconomics.com*

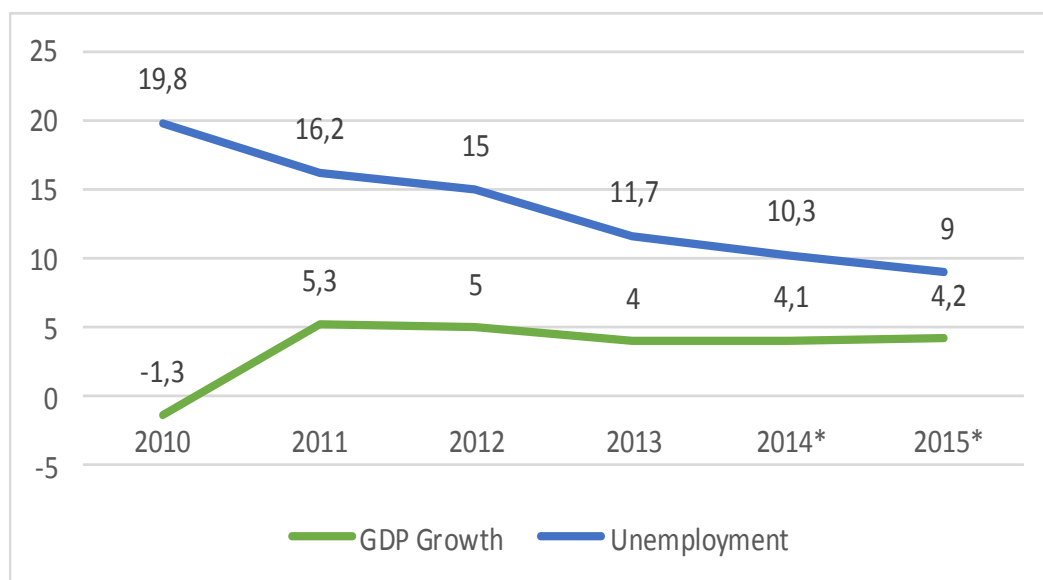
Latvian economic growth reflects also in average gross wages which slowly are rising. The most significant being in real estate sector, public administration and trade. The highest average gross wage in 2013 still is recorded in Riga region (EUR 814), while the lowest – in Latgale region (EUR 490) demonstrating still evident regional disparities and challenges. Accordingly growth of gross wages reflects positive on real earnings of population thereby facilitating increase of retail turnover in 2013 that reached 5% (in comparison with the previous year) showing the fastest increase since March 2013. Growth of real earnings reflects as well in the increase of trade of the non-food consumer goods (increase by 3.4% in 2013 in compar-

ison with previous year) which shows that population could start to afford not only goods of prime necessity. In general retail data of 2013 confirms the tendency that main driver of economic growth is domestic demand and private consumption.

In 2013 the policy to decrease taxes was elaborated in the Latvian state budget for 2014. Personal income tax was decreased from 25% to 24% for year 2014, and decrease by 1% is planned to be continued each year till 2016, when the rate will be 22%. Untaxed wage minimum was increased up to 75 euro (64 euro in 2013) and allowance for dependent - up to 165 euro (114 euro in 2013). As from 2014 also rate of social security contributions was decreased by 1%, thereby part of employer – 23.59% and employee – 10.5% (accordingly in 2013 – 24.09% and 11%). All these measures aim to positively affect increase of net wage and retail turnover, growth of domestic demand and private consumption, employment rates and to facilitate business environment and investments thus reducing economic and social disparities between Latvian regions and EU.

Gradual improvement of economic activities has positive effect on the situation in labour market and according data of the Chart below unemployment rates decreases gradually. Gradual improvement of economic activities has positive effect on the situation in labour market – employment increases and high unemployment caused by crisis decreases.

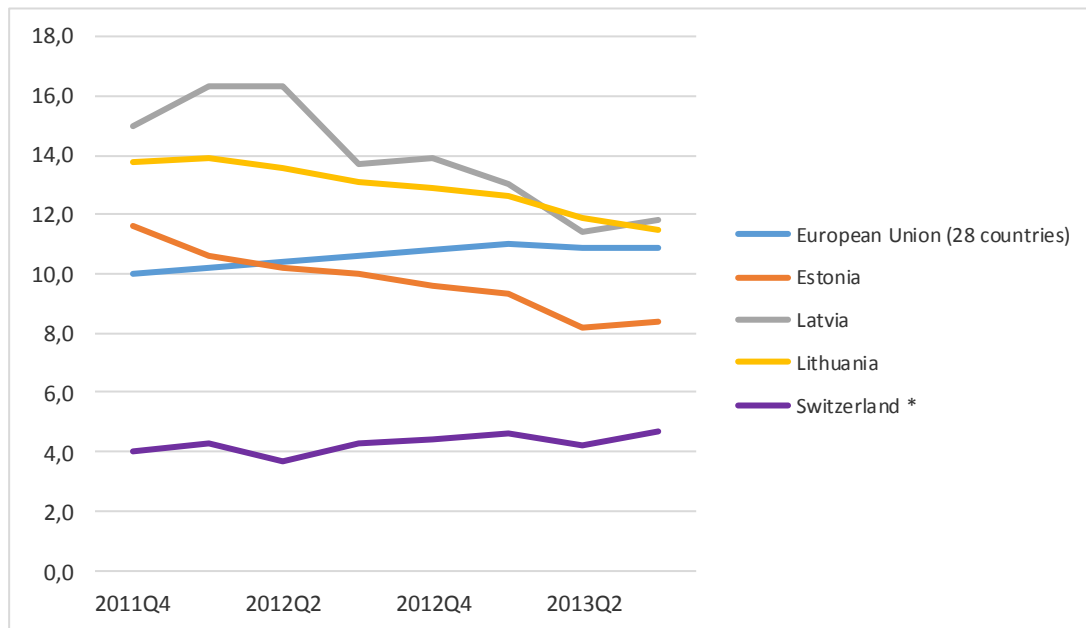
Chart 10 “GDP growth rate and unemployment dynamics in Latvia, %”



Source: European Commission, The autumn 2013 European Economic Forecast

In the 3rd quarter of 2013, approximately 900 thousand persons were employed (by 1.3% more than in the 3rd quarter of 2012). At the same time, number of economically active population dropped by 1%. In the 3rd quarter of 2013, unemployment rate dropped to 11.8%, and it is 1.9% less than a year ago. The highest unemployment rate still was registered in Latgale region (18.6%), while the lowest – in Riga (5.7%). According to statistic data (see the Chart below) unemployment rate in Latvia is still high comparing to neighbouring countries EU average and Switzerland.

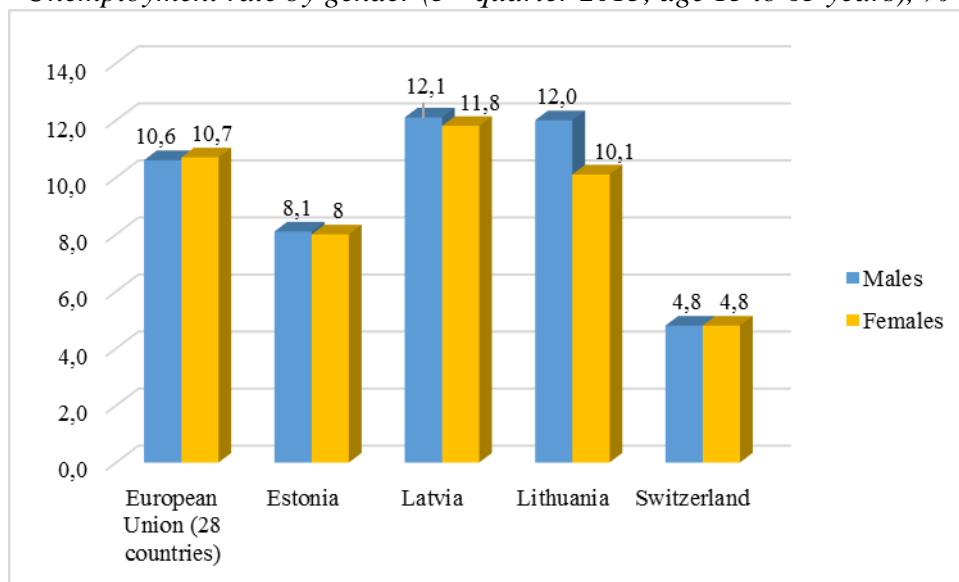
Chart 11 “Unemployment rate dynamics 2011-2013, %”



Source: European Commission, * OECD estimated value

Comparatively high unemployment is still mainly related to cyclical factors and features of structural unemployment are becoming more typical. Risk that part of current unemployed persons will not be able to find job in a longer term still remains, because sectors which recover from crisis faster, are not the same ones having the largest job losses during the crisis. In October 2013 share of long-term unemployed persons (not working for more than a year) in the total number of unemployed persons accounted for 37.8 %.

Chart 12 “Unemployment rate by gender (3rd quarter 2013, age 15 to 65 years), %”



Source: European Commission

The statistics show (see the Chart above) that in Latvia and its neighbouring countries male unemployment exceeds female unemployment, while in Europe the situation is reversed. In Switzerland the unemployment rate is equally low for both genders.

Stable increase of the wage, decrease of unemployment rate and improvement of economic situation in EU allows to forecast increase for 4.2% of the GDP in 2014. Certain risks that could affect dynamics of the economic growth remains in 2014. The continuous rapid growth

of the Latvian economy depends on a favourable external market situation, but considering the gradually improving labour market situation and increasing average wages in the country an increasing domestic consumption would also contribute to overall economic growth. However, in future to sustain further economic growth it is necessary to concentrate on exports oriented sectors.

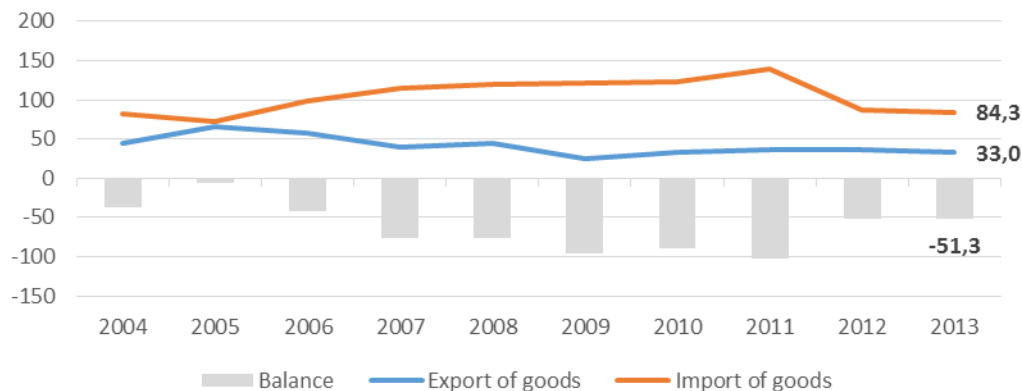
Despite positive indicators of economic growth Latvia is still the 3rd poorest EU country following Bulgaria and Romania. Swiss Programme's funding in complementarity with the EU funds of 2007-2013/ 2014-2020 and the EEA/Norway Grants` of 2004-2009/ 2009-2014 in the targeted areas within framework of the EU 2020 Strategy would continue providing a useful contribution to stabilize economic situation in EU and will make an important role for further economic growth in Latvia.

3.2. Economic cooperation between Latvia and Switzerland

Economic affairs between Latvia and Switzerland have improved in past 10 years thus contributing to the growth of the economy of Latvia. It is mostly evident in an amount of bilateral trade and direct investment.

Export of goods to Switzerland grew rapidly after Latvia's accession to EU in 2004 (see Chart below). After 2005 export of goods to Switzerland gradually decreased. From 2009 to 2011 when Latvia regained its competitiveness through correcting macroeconomic imbalances and returned to the export based growth, exports of goods to Switzerland increased by 51.1%, but since 2011 value of good's export to Switzerland has slightly downward trend. According to latest available data Switzerland was the 31st largest export partner in 2013. Value of goods exports to Switzerland decreased by 9.5% if compared to 2012 and reached 33.0 M EUR or 0.4% of total goods exports.

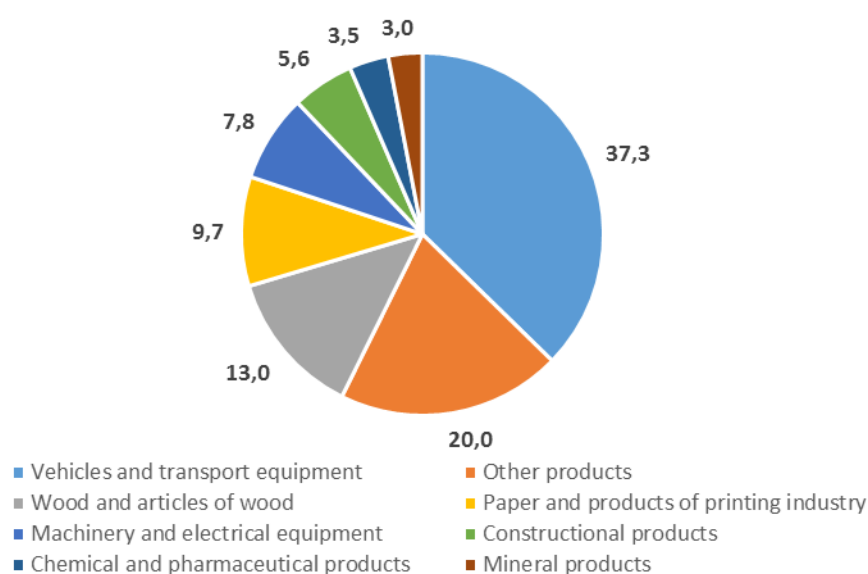
Chart 13 "Latvian and Swiss foreign trade of goods 2004-2013, M EUR"



Source: The Central Statistical Bureau of Latvia

Exports of goods to Switzerland are mainly composed from vehicles and transport equipment (37.3%) and wood products (13.0%). Also export of other types of goods in 2013 grew noticeably, especially, export of mineral products and machinery and electrical equipment (see Chart below).

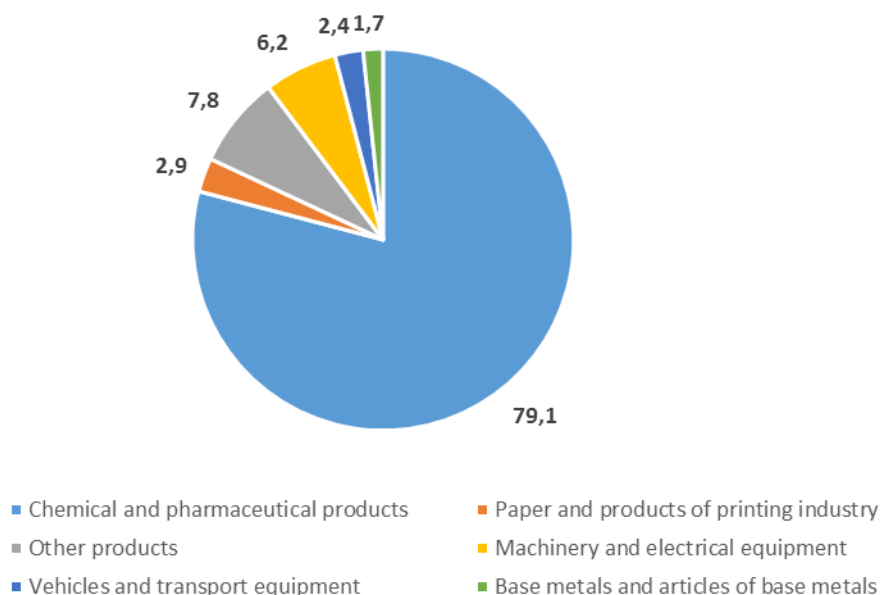
Chart 14 "Structure of exports, % of whole exports of goods to Switzerland in 2013"



Source: The Central Statistical Bureau of Latvia

Imports of goods from Switzerland have been higher than exports since 2005, but since 2011 imports has sharply decreased contributing to smaller negative trade balance between Latvia and Switzerland. A breakdown of goods imports by product type (see Chart below) shows that most of goods imports from Switzerland are chemical and pharmaceutical products (79.1%). According to latest available data Switzerland was the 23rd largest import partner. In 2013 value of goods import from Switzerland decreased by 3.9% if compared to 2012 and reached 84.3 M EUR or 0.7% of total goods imports.

Chart 15 “Structure of imports, % of whole imports of goods from Switzerland in 2013”

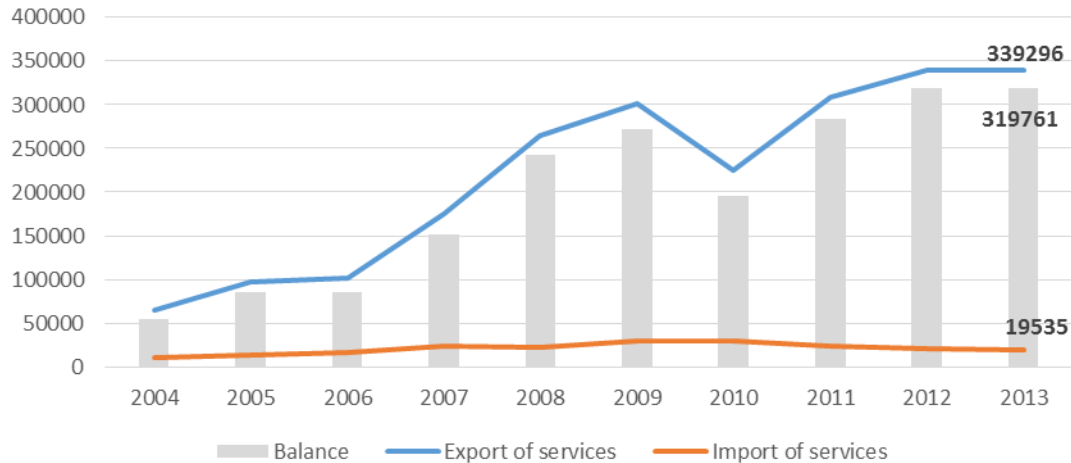


Source: The Central Statistical Bureau of Latvia

Switzerland is the largest partner of services exports of Latvia. In 2013 9.2% of total services exports was provided to residents of Switzerland. Rapid growth of services exports was observable after 2010, but since 2011 growth has been more moderate (see Chart below). In

2013 companies from Latvia provided services to Switzerland for 339.3 M EUR. Still most of services were provided in transportation sector which is 88.9% of total export of services, but in 2013 share of transport services has narrowed while share of other commercial services has expanded.

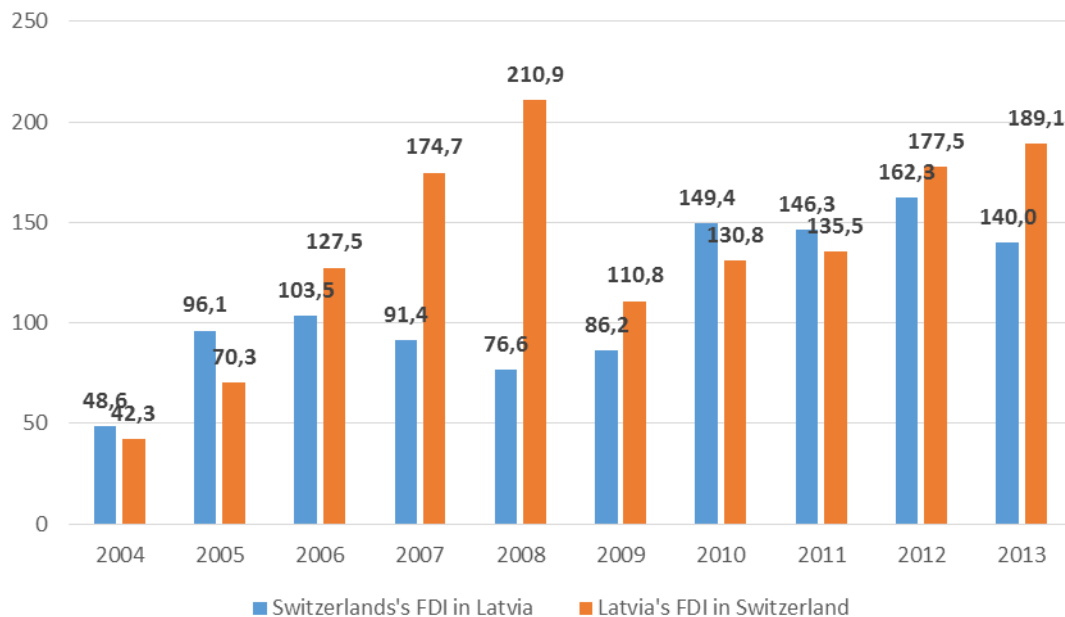
Chart 16 “Foreign trade of services 2004-2013, M EUR”



Source: The Bank of Latvia

Total Switzerland’s direct investment in Latvia at the end of 2013 accounted for 140.0 M EUR (see Chart below), ranking it’s 16th place by foreign direct investment (FDI) stock in Latvia. In 2013 if compared to 2012 Switzerland’s FDI in Latvia significantly decreased. Most of that decrease in 2013 was provided by the transportation and storage sector where investment decreased by 26.4%. It is noticeable that Latvia’s investment in Switzerland exceeds Switzerland’s investment in Latvia and since 2009 has grown by 70.7%. Latvia’s FDI in Switzerland at the end of 2013 accounted for 189.1 M EUR.

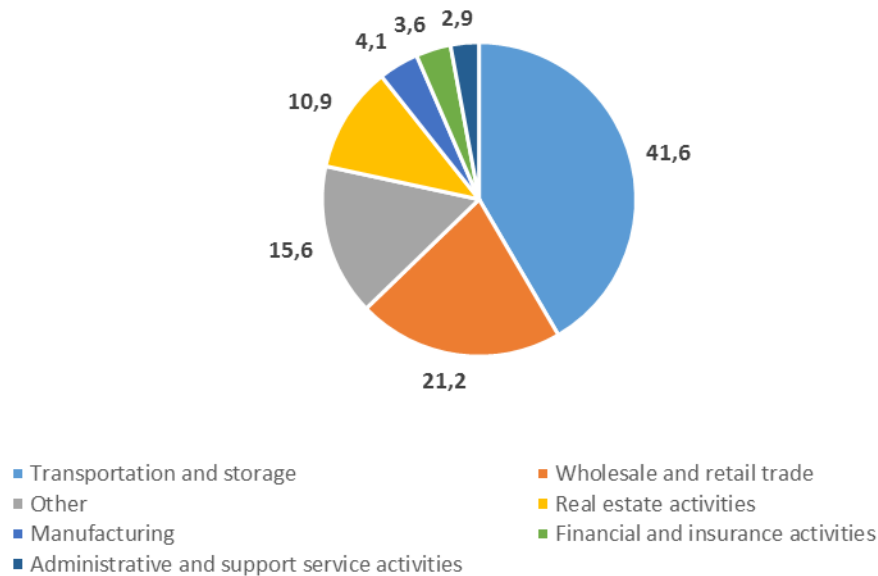
Chart 17 “Foreign direct investment stock 2004-2013, M EUR”



Source: The Bank of Latvia

According to statistical data (see Chart below) at the end of 2013 Switzerland's direct investment in economy of Latvia was mainly concentrated in the transportation and storage sector (41.6% of total investment) and wholesale and retail trade sector (21.2%). The structure of investments in recent years has become more diversified. Those structural changes were mainly determined by sharp fall in transportation and storage sector in 2013 while investment grew in wholesale and retail sector and real estate activities sector.

Chart 18 "Structure of Switzerland's foreign direct investment in Latvia, %" "



Source: The Bank of Latvia

Cohesion

The *National Reform Programme of Latvia for the Implementation of the Europe 2020 Strategy* was approved by the CoM on 26 April 2011. It describes the medium-term macroeconomic scenario, reflects key macro-structural bottlenecks of the economy of Latvia and main measures for 2011-2014 to tackle them, as well as the targets of Latvia for 2020 in the context of the *Europe 2020 Strategy* and main measures for 2011-2014 to achieve them. The aim of Latvia is to foster growth and employment, thus ensuring growth of GDP in the amount of 4-5% in the medium term and employment rate in the amount of 73% by 2020.

Sustainable growth targets of Latvia are set out also in the *Latvia 2030 strategy*. It is aimed also to achieve employment rate of 73% (58,2% in 2013); an increase of investments in research and development to 1.5% of GDP (0,66% in 2012); an increase of the share of people having completed tertiary education to 34-36% (23% in 2011); an increase of proportion of the persons who have acquired higher education in the age group from 30 up to 34 years 40% (37% in 2012); reduce the share of persons at-risk-of-poverty to 21% (35,1% in 2013); increase the share of renewable energy in the total gross energy consumption to 40% (33,1% in 2011), etc.

NDP¹¹, which was approved by the Saeima on 20 December 2012, determines most important medium-term priorities, areas of actions, objectives and indicators for their implementation.

¹¹ National Development Plan of Latvia for 2014-2020

The Swiss Programme will contribute to some of the priorities defined in the NDP, in particular to:

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

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

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

3.3. Swiss programme's overall and specific objectives

The following projects have contributed to the achievement of **the first overall objective** – *to contribute to the reduction of economic and social disparities between Latvia and the more advanced countries of the enlarged EU*:

NGO fund promoted civil society's contribution to economic and social cohesion by supporting NGO activities in increasing life quality of 14 483 children and youth and 6 216 seniors through wide range of activities to meet the needs of children, youth and seniors.

As **Sarkandaugava** territory is one of the most historically polluted areas in the territory of Latvia, the project will improve soil, ground, underground and surface water quality in Sarkandaugava area by stopping oil product pollution inflow into Sarkandaugava channel and further into the Daugava River and the Baltic Sea areas, thereby economic and social disparities between Latvia and most developed countries of the enlarged EU will be reduced.

The objective of the **World Bank** project is to ensure conformity of Latvia's accounting and auditing legislation with the *acquis communautaire* and proper functioning of administrative institutions as well as to improve and to strengthen administrative capacity in financial reporting policymaking field and legislation, thus facilitating strengthening of financial reporting system which will enhance the quality and reliability of financial information presented by Latvian companies leading to better-informed decision making and increased investors' confidence, resulting in a business environment conducive to sustained economic growth, and growing economy less prone to financial system's crisis. During the reporting period the World Bank project contributed to this overall objective through Advanced IFRS Training Course, Executive IFRS Seminar for financial regulators, STAREP Workshop, IFRS Conference, Workshop "Enhancing audit quality in FRTAP countries" as well as through Study

Tours to the bodies responsible for public oversight of auditors – the Netherlands Authority for the Financial Markets (AFM), the Norwegian Financial Supervision Authority (FSA).

As the state budget continued to decrease for all education levels in Latvia for past 3 years, Swiss contribution for the development of **education system and research field** is crucial. It is very important to continue developing and strengthening the potential of Latvian higher education institutions and research organizations, although the funds invested in education have no immediate return and it is impossible to measure the results in a short period of time. During 2013 the number of applications within the Scholarship Fund increased significantly, which shows that the opportunities provided by the Fund have been appreciated. Although until now the funds allocated for Swiss researchers activities in Latvia have been used reluctantly, there are clear signals from higher education institutions in Latvia, that this activity has a great value and that the real benefits from implementing it might be seen in next few years, when the benefited students will start their carrier. There have been several partnerships already established between higher education and research institutions in Latvia and Switzerland, which shows that there is a good potential for further cooperation, thus contributing to the reduction of economic and social disparities between Latvia and the EU.

Micro lending programme facilitated the growth of micro businesses and economic activity in all regions of the country by securing access to micro loans for 917 micro enterprises and self-employed persons (individuals – economic operators) thereby employment has grown (already 1750 jobs are in place) and living standards of Latvian population has raised.

Modernization of courts project through the use of new video conference equipment and audio recording equipment and establishment of modern methods in court management has enhanced that Latvia's justice system has become technologically more advanced and reached operationally efficient level comparing to the more advanced countries. Most experts concluded that Latvia with given limited resources has reached similar and in some areas more advanced progress comparing to the rest of the EU countries.

As the rate of migration out of Latvia is constantly increasing and the highest proportion of negative migration is for persons of age 20-29 this causes economical risk that Latvia potentially will lack labour force in the nearest future. **Youth initiatives project** by organizing trainings and establishing youth centres motivates youth to take part in social or political activities, provides opportunities to spend their free time valuably in healthy, open and supporting environment where young people can spend their leisure time usefully, socialize and gain new knowledge, thus becoming active citizens and increasing level of youth participation and initiative in the life of local communities and beyond.

The following projects have contributed to the achievement of **the second overall objective** – *to contribute within Latvia to the reduction of economic and social disparities between the dynamic urban centres and the structurally weak peripheral regions:*

The **NGO fund's** financing per capita by regions¹² has been higher in the other four regions of Latvia (CHF 1,7 – 2,4 per capita), thereby for nearly a half exceeding the NGO fund's financing per capita attracted by the Riga region (CHF 1,08 per capita). Therefore the NGO fund has contributed to the reduction of economic and social disparities between urban center and the regions.

¹² The Central Statistical Bureau's data of population in regions (in period 2011-2012).

Since the youth living outside the biggest cities has fewer opportunities to spend their leisure time valuably, **Youth initiatives project** provides attractive environment for living, work and recreation in the regions of Latvia. Till the end of reporting period all planned 17 multifunctional youth initiative centres¹³ have been established in local municipalities, different trainings for youth and for persons involved in youth work were organized thus diminishing inequality and differences between developed and less developed regions in terms of local youth policy and policy implementation and increasing the level of youth participation and initiative in the life of local communities and beyond as well as ensuring the accessibility of organized youth leisure, events and non-formal education in peripheral and disadvantaged regions.

Fire safety project has improved children safety in case of fire incidents in 116 general education institutions in peripheral and disadvantaged regions of Latvia, thus contributing to safety aspects for children and staff in peripheral regions.

Within **Modernization of courts** project videoconference equipment and sound recording systems were established in courts of weak peripheral regions as well as user support was provided in order to facilitate the use of equipment thereby project has contributed to the reduction of economic and social disparities between the dynamic urban centres and the structurally weak peripheral regions.

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

During reporting period all projects have enhanced to reach five specific objectives of Swiss Programme:

1) Promoted economic growth and enhanced employment conditions

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

During the reporting period the potential of Latvian higher education institutions has been strengthened – 36 **Swiss researchers** have visited Latvia for lecturing, 18 fellowships within the **Scholarship fund** were approved. By implementing these subprojects students and academic staff in Universities have had an opportunity to gain new information, to work in international environment and teams, to exchange experiences, to establish sustainable partnerships between higher education and research institutions in Latvia and Switzerland.

By organization of trainings and seminars within the **Youth initiatives project** equal rights are provided to youth from less developed regions to get involved in youth work and non-formal education activities. Support to youth initiatives in regions with methods of non-formal education are promoted as well as planned and practical set of activities for young

¹³ Currently there are in total 97 Youth initiative centres in Latvia.

people are ensured, thus increasing number of young people participating in organized youth activities. According to the survey carried out by MoES in 2013 about youth in Latvia 2009-2013, percentage of youth who are rather passive to get involved in different activities has decreased from 34 % in 2009 to 26 % in 2013. Also one of the most important aspects of youth participation is useful leisure activities. The majority of young people believe that they have various options to spend their free time valuably. Over the past five years, the proportion of young people who rated that they have various options to spend their free time valuably has increased by 8% (from 60% to 68%).

2) *Preserved environment*

Within the **Sarkandaugava project** restored and improved environmental quality in the territory will be ensured by stopping oil product pollution of 380 tonnes from Site I and 520 tonnes from Site II inflow into Sarkandaugava channel and further into the Daugava river and the Baltic Sea, thereby to provide compliance with the EC directive requirements about water pollution prevention in 2,6 ha (Site I) and 2,9 ha (Site II); danger to human health will be eliminated by improving public bathing water quality in Bolderaja area (part of Riga) for approximately 10 thousand people; influence of polluted area to NATURE 2000 protected territories will be reduced by improving environment condition in Coastal country park territories. Till the end of reporting period 27,24 m³ of floating oil products were pumped out, microbiological tests were made with contaminated soil (sorbed fraction) to select the optimal sorbed fraction treatment technology and reagents (within pilot project works in Site I/II).

When the municipalities applied for the **Youth initiative project** they pointed out that existing youth centres have very limited room space for organizing different activities for wider audience as well as many centers lack necessary equipment. By renovating 17 youth initiative centres and ensuring necessary equipment for the centres basic infrastructure in regions is enhanced and pleasant environment for different leisure activities for wider audience is created thus attracting youth to stay in regions.

3) *Reinforced civil society*

The **NGO fund** has strengthened institutional capacity of 191 associations and foundations in working with target groups (children, youngsters and/or senior citizens) by improving their infrastructural basis, developing networks, new and improved existing services as well as by organizing exchanging experience within Latvia and with partner organisations from Switzerland. As well as cooperation between NGOs and local municipalities was enhanced by implementing 43 subprojects in the partnership with the organisations from the public sector – the NGOs provided social and other support services using the municipal infrastructure, whereas the municipalities assisted with the promotion activities. In the result of two partnership subprojects recommendations for improving municipal regulations in the fields of group-flat services for the young orphans with mental development disorders and in health promotion policy were provided and taken into account. 21 subproject has enhanced civic involvement of people in risk of poverty and social exclusion in the activities of NGOs, development, implementation and monitoring of legislation, voluntary work, charity, and philanthropy. As well as 20 subprojects enhanced mutual cooperation, partnership with Swiss organizations by organizing experience exchange visits, seminars and by supporting development of partner's organizations in Latvia services.

4) *Enhanced social security*

It is important that young people, regardless of their financial status are able to pursue their own interests in non-formal education and volunteer work. Organized events in established youth initiative centres and trainings within the **Youth initiative project** encourage young

people to participate in various activities in their leisure time thus developing different skills which can be useful in the job market, building a family and becoming active members of the society.

The implemented subprojects within the **NGO fund** have made an important contribution to enhanced social security through a wide range of activities focused on improving the quality of life of children and youngsters in risk of poverty and social exclusion, and of senior citizens.

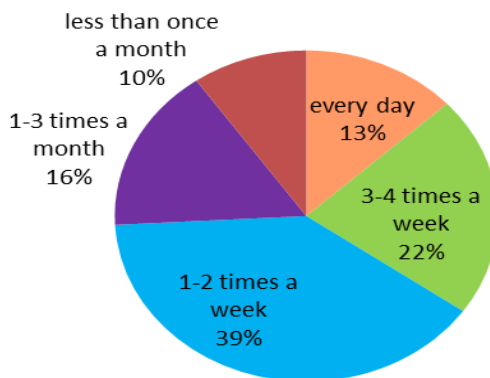
5) *Enhanced security and safety*

Modernization of courts project has enhanced development of judiciary system in Latvia thus by using videoconference equipment in courts and prison facilities safe and convenient court hearing process is ensured. Videoconference equipment speeds the whole court proceeding significantly, thus adding to the general public security and safety.

During the reporting period fire safety systems were installed in all 116 general education institutions where children stay in the overnight accommodation, thus the **Fire safety project** enhanced security and ensured a safe environment for at least 1000 pre-school and school children in all territory of Latvia except the cities. As well as the web game will be a long-term investment in children's education; thereby ensuring that the number of fire incidents in schools and counties shall be decreasing.

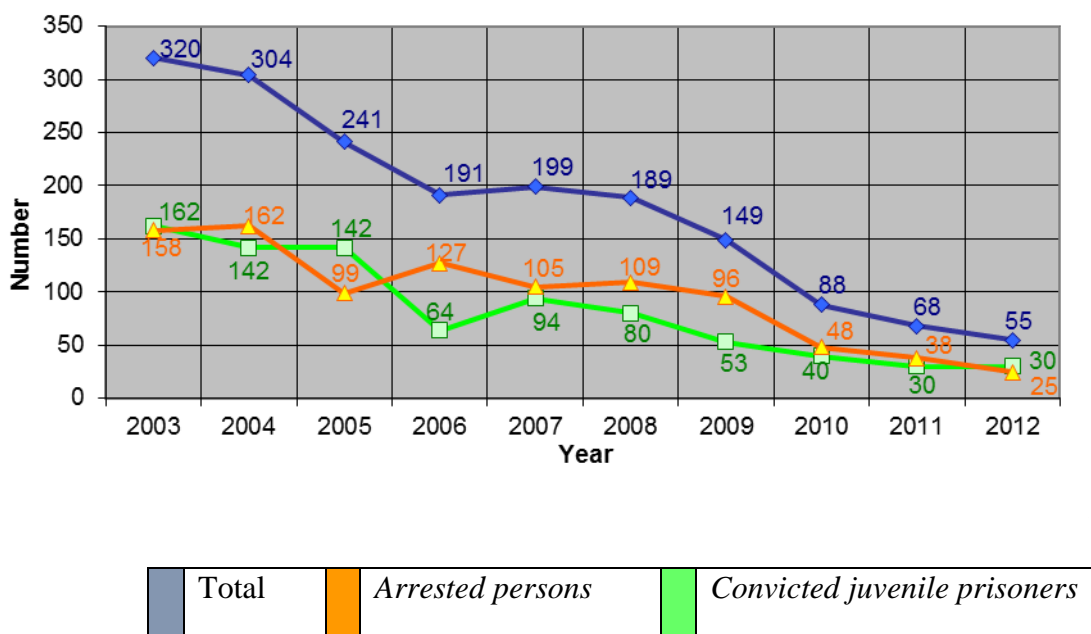
By establishment of multifunctional youth initiative centres in peripheral or disadvantaged regions within the **Youth initiatives project** a healthy, open and supporting environment for young people have been created, thus developing and enlarging network of places where young people can spend their leisure time usefully in regions of Latvia leading to reduction of youth crime, substance misuse and other deviant behaviour. According to the survey carried out before project's implementation in 2010 about youth training needs, 9 % of youth attended local youth centres regularly, but 26 % attended these centres once a month. After renovation and establishment of multifunctional youth initiative centres this number has increased. According to project's interim evaluation survey carried out in 2013, number of youth who attend youth centres on daily basis has increased up to 13%. Mostly the young people visit the centre 1-2 times a week – 39% of respondents.

Chart 19 "Frequency of youth centre attendance"



As it was mentioned in project's justification – in Latvia in 2009, 53 minors were in prison as arrested persons, but 96 minors were convicted juvenile prisoners¹⁴. In the Public Report 2012 it is stated that by the end of 2012, 30 minors were in prison as arrested persons, but 25 minors were convicted juvenile prisoners. This data shows that the number of youth who commit crime, substance misuse and other deviant behaviour has decreased compared to the previous years.

Chart 20 “Total number of juvenile prisoners (minors) on 31 December 2012”



¹⁴ Public Report 2009 of the Latvian Prison Administration

4. Publicity activities and Swissness

Publicity

Progress has been made towards publicity measures of the Swiss Programme. The special webpage www.swiss-contribution.lv designed for the Swiss Programme has been regularly updated with all newest and most important information related to the Swiss Programme. The information and nearly all documentation on the webpage are available both in Latvian and in English.

During the reporting period the NCU also took part in the following publicity activities organized by the respective Executing Agencies in order to gain practical insight into implementation of projects:

- closing event of the NGO fund on 24 April 2013 where fund's results were presented as well as discussions on the sustainability and development of results took place;
- youth centres opening event in Salacgriva on 30 May 2013 where different activities to be provided in the centres were presented;
- the first national forum "Turn Latvia!" within the Youth initiatives project on 7 November 2013 in Riga Planning Region where the CFCA obtained assurance that expenses have been used in an appropriate manner and in adequate quality;
- visit to Mezotne Boarding School in Bauska District on 15 January 2014 where all parties acknowledged that fire safety systems are installed as well as meeting with Bauska municipality was held.

As well as during reporting period the Head of NCU and the Minister of Finance participated in Annual Conference dedicated to Swiss Cooperation with Eastern Europe with the focus on a selection of projects and their first results held on 31 May 2013 in Bern. During the conference the Minister of Finance gave a speech on the importance of the enlargement contribution from the viewpoint of Latvia as well as Micro lending programme's results were presented by the ALTUM. The speech of the Minister of Finance was very well received by the Swiss competent authorities participating in the conference.

Most attractive examples of publicity activities undertaken during the reporting period are as follows:

- **Fire safety project** – competition about fire safety issues to all school children from 7th to 8th grade¹⁵. The finals of the competition "Lord of the Fire" was filmed and broadcasted on the Latvian Television in 1 h long TV show on 31 August 2013.
- **Swiss researchers activities** – a video material¹⁶ about the activities and experience of researchers, who have visited Latvia, was developed for promotion and distribution. The video material was distributed among Swiss universities and scientific institutions electronically are presented during the organized seminars.
- **NGO Fund** – the fund's closing event. During the event interesting and attractive subprojects were presented to 117 event visitors as well as all were wel-

¹⁵ <http://www.youtube.com/watch?v=PJIIfvIcWc>

¹⁶ http://viaa.gov.lv/lat/starpvalstu_sadarbiiba/sveices_sadarbibas_programma/sveices_petnieki_latvija/

came to participate in subprojects' activities like making dolls of paper, assembling and playing musical instruments, painting, look at the rabbits etc.

- **Modernization of courts** – after the Pan-Baltic seminar in the area of court modernization (in August 2013) a publicity event was organized in the form of press conference and among the media there were all largest news agencies. During the media event, the technical and functional capabilities of video conference equipment were presented establishing a real time video conference with Estonian Court Administration. After the demonstration journalists were invited to ask questions and to take individual interviews.
- **Micro-lending programme** – in April 2013 a short film¹⁷ about the programme and several implemented micro businesses was made and disseminated as well as presented in the Swiss Annual Conference.

Afterwards information about these events were reflected in TV news, newspapers and internet, especially about the Youth initiatives, Fire safety and Modernization of courts project¹⁸.

Detailed overview about publicity measures and information activities carried out at the project level during the reporting period is provided in the Annex 5 of this report.

Swissness

NGO fund

The fund has played an instrumental role in strengthening the cooperation between the Swiss and Latvian NGO sectors. It provided opportunity for Latvian organizations to learn about the experience and working methods of the Swiss partners and further used the subprojects to adapt and transfer these methods to Latvia. Altogether 20 subprojects were implemented in cooperation with Switzerland by making experience exchange visits of Latvian experts to Switzerland, by organizing seminars in Latvia with the participation of Swiss experts and by using the experience of Swiss partner organizations in developing new services or improving existing ones. For example, in one project 22 teachers and parents participated in three lectures about the experience and practices of the School and Diversity Institute of the Luzern School of Pedagogy in organizing inclusive education.

Scholarship fund

Support from CRUS has been provided on every stage of the implementation of the fund – evaluation, statistics, finances, everyday communication during project evaluation process. SEDA participated in the 3rd Sciex Fellows' Event and the training seminar organized by CRUS in Switzerland.

Swiss researchers' activities

During reporting period 27 Swiss researchers' visits with good results took place. After visits positive feedback was received both from hosting institutions and from Swiss researchers thereby also bilateral relationships were enhanced. As well as SEDA established contacts with CRUS Regional offices (RO) in order to distribute information about the activity in Swiss universities and scientific institutions. This contributed to the

¹⁷ <http://www.youtube.com/watch?v=1bCw1pqgOuc>

¹⁸ <http://www.youtube.com/watch?v=kUBQImBCMro>

recognition of Latvian universities among Swiss academic staff and will improve future cooperation between Latvia and Switzerland.

Youth initiatives project

During reporting period, AIPY in cooperation with representatives of SCO participated in openings of multifunctional youth initiative centers in order to emphasize the role played by the Swiss Programme. Also Ambassador of Switzerland opened first national forum in Riga Planning Region and trainee from the Embassy of Switzerland participated in the first national forum presenting education system in Switzerland.

Sarkandaugava project



The tender of remediation works in Site III was announced in Swiss public procurement internet site, so it was opened for every participant from Switzerland. On 3 April 2013 students from Switzerland visited site of remediation works. On 31 July 2013 Federal Councillor of Federal Department of Foreign Affairs of Switzerland visited Sarkandaugava project on implementation site. On 25 December 2013 in Swiss TV¹⁹ a story about Sarkandaugava project was published.

lished.

Fire safety project



In the implementation of the project the partner from Switzerland – ECA – is involved.

In the reporting period a knowledge exchange visit to Latvia for project partners was organized. During the visit fire safety issues were discussed and possible cooperation areas identified as well as discussions about project achievements and planning of future activities with the

partner took place.

¹⁹ http://www.rsi.ch/home/channels/comunicazione/info_on_line/2013/12/24--Lettonia-leuro-dopo-la-recessio

Modernization of Courts

In August 2013 the Pan-Baltic seminar in Jurmala in the area of court modernization was organized to further facilitate the exchange of knowledge between the Baltics and Switzerland. This seminar set a very successful pan-Baltic and Swiss cooperation. Among participants were Deputy General Secretary of Swiss Federal Supreme Court, Chief of the e-Gov-Division of the Swiss Ministry of Justice, Representatives of Swiss Embassy, CA, Lithuanian Court Administration, Estonian Ministry of Justice, Estonian Central Register eRik, chief judges from Latvia as well as media representatives. Seeing that similar progress is made in the area of e-services and videoconferencing gave participants equal opportunities and mutual benefits – both in terms of learning from each other's mistakes, sharing best practices, and last but not least – to show to the national Justice system that similar activities are widespread and accepted across the region.



During the seminar Deputy General Secretary of Swiss Federal Supreme Court also shared methodologies about court participant satisfaction surveys, reducing the procedural length, guidelines for judicial time management etc., and this greatly corresponds to the main topics discussed about further cooperation with Switzerland.

These guidelines will help CA to prepare a road-map with activities to be executed in the above mentioned areas where further assistance of external experts might be appreciated. As well as great input to bilateral relations gave the SCO presentation during the seminar, thereby participants of the seminar and media had a chance to find out more about Swiss contribution activities in EU. After the seminar, guests were also having experience exchange discussions at Riga Regional Court and Supreme Court of Latvia.

Regarding the Pan-Baltic seminar a short movie²⁰ covering the main topics was created. The main project's influence on Latvian and Swiss bilateral relations within the reporting period is definitely participation in panel discussion in prominent and high visibility annual meet-



²⁰ http://youtu.be/I1eM_f3chDE

ing of Appellate Courts' presidents and Chief Prosecutors of EU capital cities which took place in Riga on 24-25 October 2013. Both – project management team and CA participated in the panel discussion providing answers to many questions about the project and lessons learned as well as about newly developed technology tools in Justice system.

Micro lending programme

During reporting period ALTUM closely cooperated with the Swiss Embassy in order to organize publicity event about the programme, its tasks and achievements to be presented at the Swiss Annual Conference. In April a short film for these needs was filmed both in the premises of ALTUM as well as at selected micro businesses' sites in different regions of Latvia. During the conference the presentation of the programme as well as the film was received very well, as a result, in early September 2013 the Swiss delegation visited few micro businesses on site.

5. Summary of audits

Two system audits 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 system audits in 2013”

Audit title	Audit institution	Audit time	Audited entity(ies)
Audit of the Scholarship fund’s management system	Internal audit division of the SEDA	April – June 2013	SEDA
Audit of Sarkandaugava, Fire safety and School busses projects’ management and implementation as well as implementation of competent line ministry’s functions	Internal audit department of the MoEPRD	April – September 2013	MoEPRD, SES, SRDA

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

Table 7 “Projects’ external financial audit in the reporting period”

Audit title	External audit organization	Audit time	Audited entity	Submission date of audit report to the Swiss side
Intermediary financial audit of the Micro lending programme	“Ernst & Young Baltic” Ltd.	September – October 2013	ALTUM	28 October 2013
Final financial audit of the NGO Fund	“KPMG Baltics” Ltd.	April – June 2013, October 2013	SIF	28 January 2014
Intermediary financial audit of the Youth initiatives project	AS “BDO”	January – February 2014	AIPY	1 April 2014
Intermediary financial audit of the Swiss researchers’ activities	“Audit and Management Consulting” Ltd	January – February 2014	SEDA	11 April 2014
Final financial audit of the Modernization of courts project	“Rodl&Partner” Ltd.	January – February 2014	CA	Planned in the 2 nd quarter of 2014

The main conclusions and progress achieved in implementation of audits’ recommendations on system audits and projects’ external financial audits is presented in Annex 6 of this report.

In compliance with national legislation the control and audit plan of public institutions has to be elaborated for the calendar year. Therefore information about planned system audits for the next reporting period currently is available for the period April – December 2014. The control and audit plan for the year 2015 will be known in March 2014. Please see the audit plan for the year 2014 in the table below:

Table 8 “Audit plan for the year 2014”

The Auditor	Time of audit	Title of the project
System audits		
Internal audit of Paying	November – December	Audit of internal management and con-

Authority/the Treasury	2014	trol system of the Swiss Programme
Internal audit of SEDA	November – December 2014	Swiss researchers' activities
External intermediary financial audit		
Audit organization will be chosen within procurement	July – August 2014	Sarkandaugava project

During 2013 the CFCA performed three the spot checks:

- On 26 June 2013 for the NGO fund. CFCA verified randomly selected originals of procurement contracts, sub-projects documentation, accounting documentation as well as verified provided services. No deviations from the provisions of the Project Implementation Agreement were found however few deficiencies were recognised (technical inaccuracies, the unspent amount within the subproject was not included in report), however all of them were eliminated during the harmonization process of the on the spot check's reports.
- on 19 – 21 November 2013 for the Modernization of courts project by visiting the CA, Riga Regional Court and Central Prison. CFCA verified randomly selected originals of project interim reports, procurement documentation, procurement contracts, final acceptance acts, accounting documentation as well as verified provided services and delivered equipment to the central office of CA, Riga Regional Court and Central Prison. No deviations from the provisions of the Project Implementation Agreement were found however few deficiencies were recognised (technical inaccuracies in fixed assets, wrong location of supplied scanners), however all of them were eliminated during the harmonization process of the on the spot checks' reports. As well as the CFCA obtained assurance that Swiss Programme's publicity requirements are being observed.
- On 24 March 2014 for the Modernization of courts project by visiting correctional institution of Cēsis, District Courts of Cēsis and Limbaži. CFCA verified delivered equipment in accordance with procurement contracts, final acceptance acts and accounting documents. No deviations from the provisions of the Project Implementation Agreement were found as well as Swiss Programme's publicity requirements are being observed.

6. Report of the action plan

For the current reporting period

The table below presents the action plan for the reporting period from April 2013 till March 2014, which was presented in the previous Annual Report, with the comparison between planned time schedule and actual one as well as with explanations about the deviations.

Table 9 “The action plan of the current reporting period”

Project	Tasks	Planned	Deviations from planned in the previous reporting period
Modernization of courts	Project closing event, completion of the project and final financial audit	IV quarter 2013	No deviations from planned.
World Bank project	Completion of project and final financial audit	I quarter 2014	Project was prolonged till 30 June 2016.
NGO fund	Completion of project and final financial audit	II quarter 2013	No deviations from planned.
Scholarship fund	5 th open call for proposals and informative seminars/ consultation days for potential applicants	III/IV quarter 2013	No deviations from planned.
	6 th open call for proposals and informative seminars/ consultation days for potential applicants	I quarter 2014	No deviations from planned.
Sarkandaugava project	Procurement for remediation works in Site III announced	IV quarter 2013	I quarter 2014 <i>Prolonged process of procurement documentation's elaboration which before official submission was reviewed and commented by the CFCA, Swiss competent authorities and Swiss technical experts. On 4 February 2014 the Swiss competent authorities provided non-objection to the tender documents. The open tender procedure was announced on 14 February 2014.</i>
Swiss researchers' activities	3 rd open call for proposals and informative seminars/ consultation days for potential applicants	III quarter 2013	No deviations from planned.
	4 th open call which will remain open until all available grant will be contracted	III quarter 2013	No deviations from planned.
Youth initiatives pro-	Opening events of 15 th , 16 th and 17 th multifunc-	II quarter 2013 –	II quarter 2013 – I quarter 2014

jects	tional youth centres	IV quarter 2013	<i>Opening of the last (17th) centre was prolonged for one month due to prolonged construction works.</i>
	Intermediary financial audit	IV quarter 2013 – I quarter 2014	No deviations from planned.
	Regional forum for youth and for persons working with youth in Kurzeme Planning Region	II quarter 2013	No deviations from planned.
	Regional conference for youth and for persons working with youth in Zemgale Planning Region	IV quarter 2013	No deviations from planned.
	Trainings for youth and for persons working with youth in all Planning regions of Latvia	II quarter 2013 – I quarter 2014	No deviations from planned.
	National Forum for youth and for persons working with youth in Riga Planning Region	IV quarter 2013	No deviations from planned.
Micro lending programme	Intermediary financial audit	III quarter 2013	No deviations from planned.
	Distribution of initial Loan Fund	II quarter	No deviations from planned.
	Distribution of additional Loan Fund	III quarter	No deviations from planned.
Fire safety project	Fire safety systems installation in general educational institutions	II quarter 2013 – III quarter 2013	III quarter 2013 – I quarter 2014 <i>Due to prolonged procurement process agreement for installation of fire safety systems was signed later than planned – on 28 May 2013. Further on agreements with municipalities were signed and installation works were started in July 2013 and were completed in March 2014.</i>
	Competition about fire safety issues	III quarter 2013	No deviations from planned.

For the next reporting period

Action plan for the next reporting period April 2014 – March 2015 is presented in the table below on a monthly basis for each project separately:

Table 10 “The action plan for the next reporting period”

Project	Tasks	2014										2015		
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
World Bank project	(one) seminar on comprehensive IFRS		X											
	(two) seminars on foundation IFRS					X	X	X						
	(one) seminar for trainers on IFRS							X						

Annex 1 “Distribution of youth centres by regions”



Annex 2 “Distribution of general education institutions in Latvia”



LATVIJAS-ŠVEICES SADARBĪBAS PROGRAMMA
LATVIAN-SWISS COOPERATION PROGRAMME

The general education institutions in Latvia
where the automatic fire protection systems
will be exhibited



Annex 3 „List of projects approved in the 3rd to the 5th open call within the Scholarship Fund”

The 3rd open call (01.09-01.11.2012)

No	Applicant	Project	Project field	Institution in Latvia	Hosting Institution	Visit/research term (months)	Total eligible costs, CHF
1.	Edmunds Zīle	Prestressed Carbon Fiber Reinforced Polymer (CFRP) Strip Anchorage for Structural Strengthening	Engineering Sciences	University of Latvia	EMPA - a Research Institute of the ETH Domain	12	92 900
2.	Nikolajs Toropovs	Fire spalling of High Performance and Ultra-High Performance Concrete	Engineering Sciences	Riga Technical University	EMPA - a Research Institute of the ETH Domain	12	59 000
3.	Alīna Neščerecka	Assessment of biological stability in drinking water distribution networks with chlorine residuals	Environmental Sciences	Riga Technical University	EAWAG	12	59 000
4.	Vadims Parfejevs	Control mechanisms of adult neural crest-derived stem cells in the skin	Basic Biological Research	University of Latvia	University of Zurich	18	90 850
5.	Edgars Spārniņš	Interfaces in Shape Memory Composites	Engineering Sciences	University of Latvia	EPFL - Ecole polytechnique fédérale de Lausanne	12	94 500
6.	Zane Metla	New approaches for the biological control of forest insect pests	Environmental Sciences	Daugavpils University	ETHZ - ETH Zurich	12	59 000
							455 250

The 4th open call (01.01-01.04.2013)

No	Applicant	Project	Project field	Institution in Latvia	Hosting Institution	Visit/research term (months)	Total eligible costs, CHF
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1.	Dace Šulmane	Evaluation of Legal Norms - Challenges for Legislator	Legal and Social Sciences	University of Latvia	University of Geneva	12	98 500
2.	Ieva Birka	Dual Citizenship – Endangering or Strengthening the National Community	Legal and Social Sciences	University of Latvia	University of Lucerne	12	60 500
3.	Karīna Siliņa	Effector cell Subsets in Tumour Stroma – Role in Anti-Tumour Cellular Immune Response	Preventive Medicine (Epidemiology / Early Diagnosis / Prevention)	Latvian Bio-medical Research and Study Centre	University of Zurich	12	93 700
							252 700

The 5th open call (01.09-01.11.2013)

No	Applicant	Project	Project field	Institution in Latvia	Hosting Institution	Visit/research term (months)	Total eligible costs, CHF
1.	Veronika Sajadova	Consumer Insolvency Proceedings in the European Countries	Legal and Social Sciences	University of Latvia	University of Geneva	12	98 500
2.	Dmitrijs Zablockis	Magneto-Osmosis in Porous Structures	Physics	University of Latvia	ETHZ - ETH Zurich	12	92 900
3.	Jānis Kamin-skis	Research on Earth Gravity by zenith cameras	Engineering Sciences	University of Latvia	ETHZ - ETH Zurich	12	92 900
4.	Dmitrijs Bočarovs	Study of Chromia-doped Uranium Dioxide	Physics	University of Latvia	PSI - Paul Scherrer Institute	12	92 900
							377 200

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

The 3rd open call							
No.	Applicant	Project	Project field	Sending institution	Visit term	Swiss grant, CHF	Total eligible costs, CHF
1	University of Latvia	Education in Diabetes and Endocrinology	Medicine	University Hospital Zurich	21.04.- 25.04.2014.	1 865	1 865
2	Jāzeps Vītols Latvian Academy of Music	1st International Riga Woodwind Symposium with Giorgio Mandolesi	Musicology	Zurcher Hochschule der Kunste	06.10.- 11.10.2013.	1 690	1 690
3	Jāzeps Vītols Latvian Academy of Music	2nd International Riga Woodwind Symposium with Omar Zoboli	Musicology	Music Academy Basel	06.10.2013.- 12.10.2013.	1 875	1 875
4	Jāzeps Vītols Latvian Academy of Music	Swiss-Baltic-Nordic Saxophone Days	Musicology	Music Academy Basel	10.02.2014.- 16.02.2014.	1 875	1 875
5	Jāzeps Vītols Latvian Academy of Music	Boccherini and Haydn for strings	Musicology	Geneva University of Music	17.02.2014.- 23.02.2014.	1 875	1 875
6	University of Latvia	Financial Management	Business Management	Les Roches International School of Hotel Management	06.10.2013.- 12.10.2013.	1 875	1 875

7	BA School of Business and Finance	SBS Researchers Dr. Heinrich Furrer lectures in Communication and Negotiation Skills at BA Business and Finance	Communication science	Swiss Business School	23.10.2013.- 28.10.2013.	1 690	1 690
8	BA School of Business and Finance	SBS Researchers Dr. Bert Wolf lectures in New Venture Creation at BA School of Business and finance	Business Management	Swiss Business School	1.11 - 30.11.13	1 505	1 505
9	BA School of Business and Finance	SBS Researchers Dr. Carl - Gustaf Malmstrom lectures in International Financial Management at BA School of Business and finance	Business Management	Swiss Business School	1.12.- 31.12.2013.	1 690	1 690
10	BA School of Business and Finance	SBS Researcher's Anton Lominadze lectures in International Financial Institutions and Markets at BA School of Business and Finance	Business Management	Swiss Business School	01.02.- 28.02.	1 690	1 690

11	BA School of Business and Finance	SBS Researcher's Dr.Sudhindra Bhat lectures in Securities Investment Analysis at BA School of Business and Finance	Economics	Swiss Business School	01.03.-31.03.	1 690	1 690
12	BA School of Business and Finance	SBS Researcher' Thomas Signer lectures in Futures and Options at BA School of Business and Finance	Economics	Swiss Business School	01.05. - 31.05.	1 690	1 690
13	Daugavpils University	Music education/Music psychology	Pedagogy	University of Zurich	25.09.2013.-29.09.2013.	1 505	1 505
14	Latvia University of Agriculture	Revenue management lectures by a Swiss researcher in the Latvia University of Agriculture	Business Management	Les Roches International School of Hotel Management	06.10.2013.-12.10.2013.	1 875	1 875
15	Riga Technical University	Supply chain security	Public Management	Cross-border Research Association	09.03.2014.-13.03.2014.	1 505	1 505
16	Riga Technical University	Supply chain security	Public Management	Cross-border Research Association	23.04.2014.-27.04.2014.	1 505	1 505
17	BA School of Business and Finance	SBS Researcher's Cassandra Budlong lectures in Communication at BA School of Business and Finance	Communication science	Swiss Business School	01.01.-31.01.	2 180	2 180

18	BA School of Business and Finance	SBS Researcher's Prof. Thierry Kieffer lectures in Project Management at BA School of Business and Finance	Business Management	Swiss Business School	01.12.2013. - 31.12.2013.	2 180	2 180
19	BA School of Business and Finance	SBS Researcher's Jurg Hofer lectures in Venture Capital and Equity at BA School of Business and Finance	Business Management	Swiss Business School	11.2013. - 11.2013.	2 180	2 180
20	BA School of Business and Finance	SBS Researcher's Carl Olsen lectures in Management at BA School of Business and Finance	Business Management	Swiss Business School	01.11.2013.- 30.11.2013.	2 180	2 180
21	BA School of Business and Finance	SBS Researcher's Carl Olsen lectures in Marketing at BA School of Business and Finance	Business Management	Swiss Business School	01.10.2013. - 31.10.2013.	2 180	2 180
22	BA School of Business and Finance	SBS Researcher's dr.Carl - Gustaf Malmstrom lectures in Finance at BA School of Business and Finance	Economics	Swiss Business School	01.05.2014.- 31.05.2013.	2 180	2 180
23	BA School of Business and Finance	SBS Researcher's Neil Rilett lectures in Macroeconomics at BA School of Business and Finance	Economics	Swiss Business School	01.04.2014.- 30.04.2014.	2 735	2 735

24	BA School of Business and Finance	SBS Researcher's Neil Rilett lectures in Microeconomics at BA School of Business and Finance	Economics	Swiss Business School	01.12.2013.- 31.12.2013.	2 735	2 735
25	Liepaja University	Cooperation Establishment and development in Soil Science Between Zurich University of Applied Sciences and Liepaja University	Environmental Science	Zurich University of Applied Science	04.11.2013.- 10.11.2013.	1 875	1 875
26	Institute of Electronics and Computer Science	Lectures and research in Biometrics	Computer Science	Swiss Federal Institute of Technology at Lausanne	Not started yet	1 875	1 875
27	Riga International School of Economics and Business Administration	Holistic value management - Latvian - Swiss management and Leadership Research Collaboration	Business Management	HSO Business School Switzerland	01.10. - 05.10.2013.	1 625	1 625
							51 325

The 4th open call

No.	Applicant	Project	Project field	Sending institution	Visit term	Swiss grant, CHF	Total eligible costs, CHF
1	Daugavpils University	Language, music and development	Pedagogy	University of Zurich	31.08.2014.- 06.09.2014.	1 875	1 875

2	Jāzeps Vītols Latvian Academy of Music	Awareness of correct stylistic approach to the music of different periods in oboe performance	Musicology	Zurcher Hochschule der Kunste	11.05.2014.- 16.05.2014.	1 690	1 690	
3	Liepaja University	Cooperation between the Swiss Academies of Arts and Sciences and Liepaja University to promote the studies of mathematics and natural sciences in Latvia	Pedagogy, mathematics, biology, IT, physics	University of Geneva	01.05.2014. - 31.05.2014.	1 505	1 505	
4	Jāzeps Vītols Latvian Academy of Music	Leila Schayegh un Baltic Baroque on the Riga Festival of Historical Music and Dance	Musicology	Musik Academy Basel	02.09.2014.- 08.09.2014.	1 875	1 875	
5	Latvia University of Agriculture	Equine surgery (Anaesthetics)	Veterinary Medicine	University of Bern	04.05.2014.- 10.05.2014.	1 876	1 876	
6	Latvia University of Agriculture	Small animal diagnostic imaging	Veterinary Medicine	University of Bern	18.05.2014.- 23.05.2014.	1 810	1 810	
7	Latvia University of Agriculture	Equine surgery	Veterinary Medicine	University of Bern	04.05.2014.- 10.05.2014.	1 875	1 875	
8	Latvia University of Agriculture	Veterinary Ophthalmology	Veterinary Medicine	University of Zurich	05.04.2014. - 13.04.2014.	1 892	1 892	
							14 398	

Annex 5 “Publicity measures and information activities within projects”

No.	Activity	Target and audience	Date and place
Financial reporting technical assistance project			
1.	Information on the MoF web page www.fm.gov.lv	To inform general public and other interested bodies about the project	http://www.fm.gov.lv/lv/sadalas/gramatvedibas_un_revizijas_politika/projekts_tehniskapalidziba_finansu_parskatu_sagatavosana/ updated regularly
2.	Seminar on advanced IFRS	To inform participants of seminar about the project and about the IFRS training	September, October 2013, Riga
3.	Translation of Guide to Using International Standards on Auditing in the Audits of Small- and Medium- Sized Entities (Third Edition; Published: Nov 09, 2011) published on the MoF web page www.fm.gov.lv	To provide translation for the users of the Guide	Since December 2013 http://www.fm.gov.lv/lv/sadalas/gramatvedibas_un_revizijas_politika/projekts_tehniskapalidziba_finansu_parskatu_sagatavosana/tulkojumi/
Modernization of courts			
1.	Prepared information for internal releases (articles) in electronic format for courts' employees	Staff of court system	May, June, July, 2013, Riga
2.	Provided support of experts for communication team	Staff of court system	April, May, June, July, 2013, Riga
3.	Publicity monitoring and analysis - prepared comments, summary of facts as required in response to information published in media	Mass media, Society	April, May, June, July 2013, Riga
3.	Organized and managed communication skills' training for 6 persons involved in project im-	Staff of court system	May, 2013, Riga

	plementation		
4.	Organization of Pan-Baltic seminar in Latvia	Staff of court system, representatives of Baltic justice system	August, 2013, Riga and Jurmala
5.	Provided public relation services (including individual awareness of media, press release and photo material preparation) for annual meeting of Appellate Courts' presidents and Chief Prosecutors of EU capital cities.	Mass media, Society, Staff of court system	October, 2013, Riga
NGO fund			
1.	The closing event	Representatives of society that are interested in implementation and results of the program, beneficiaries.	April 2013, Riga
2.	The publication of the independent evaluation of the project is prepared.	Representatives of society that are interested in implementation and results of the program, beneficiaries, the donors, the Swiss society, potential donors.	October 2013, Riga http://www.sif.lv/images/files/informativie-materiali/progr-izvertejumi/Assessment-report-NGO-fund.pdf
Scholarship fund			
1.	Information on the SEDA's web page www.viaa.gov.lv	To inform general public, potential applicants and other interested bodies about project activities, conditions, open calls, results including a short insight into the research areas of the three projects selected from Latvia	Web pages www.viaa.gov.lv (www.sciex.lv) updated regularly
2.	Information release on the 4 th , 5 th and 6 th open calls	PhD students, post-docs – potential scholarship applicants	January, September 2013, January 2014 on newspapers and webpages: www.viaa.gov.lv , www.izm.gov.lv , www.swiss-contribution.lv
3.	Informative seminars on Scholarship Fund's opportunities	PhD students, post-docs – potential scholarship applicants	February, March, September, October 2013, February 2014 at VIAA premises and Regional Universities (Ventspils, Daugavpils, Jelgava)

4.	E-mails to all eligible institutions on the launching of the calls	Latvian institutions eligible for participation in the Scholarship Fund	September, February 2013
5.	Interview on the radio “101open” on the Scholarship Fund and 5 th open call	PhD students, post-docs – potential scholarship applicants	September 2013
6.	Questionnaire among those who participated at seminars in the beginning of 2013 in order to find out why they did not submit the application in the end, though they were interested in the programme and attended the seminars as well as feedback to respondents of the questionnaire on the main conclusions obtained	PhD students, post-docs – potential scholarship applicants - seminar participants	August 2013 October 2013
7.	Project experiences published	PhD students, post-docs	April 2014 on website www.viaa.gov.lv
Swiss researchers' activities			
1.	Information on the SEDA's web page www.viaa.gov.lv	To inform general public, potential applicants and other interested bodies about project activities, conditions, results	Web pages www.viaa.gov.lv (www.sciex.lv) updated regularly
2.	Information on open calls	Higher education institutions, research institutions – potential sub-project applicants and sub-project partners	March, September 2013 via e-mails and on webpages: www.viaa.gov.lv , www.izm.gov.lv , www.swiss-contribution.lv ; www.crus.ch
3.	Press release for open call	Higher education institutions, research institutions – potential sub-project applicants	March, September 2013
4.	Informative seminars on the block grant opportunities	Higher education institutions, research institutions – potential sub-project applicants	March, April, September 2013 6 seminars at VIAA premises February, March 2014 at VIAA premises and Regional Universities

5.	Project experiences published	Higher education institutions, research institutions – potential sub-project applicants	October 2013 on website www.viaa.gov.lv
6.	Interview on the radio “101open” on the Swiss researchers’ activities and open call	Higher education institutions, research institutions – potential sub-project applicants	September 2013
7.	Informative video material distributed	Swiss Higher education institutions, research institutions – potential researchers within the projects	December 2013
8.	Questionnaire among those who participated at seminars in the beginning of 2013 in order to find out why they did not submit the application in the end, though they were interested in the programme and attended the seminars	Higher education institutions, research institutions – potential sub-project applicants	August 2013
Youth initiatives project			
1.	Information on the AIPY’s web page www.jaunatne.gov.lv	To inform general public, project target group and all interested bodies about the project activities	Web page www.jaunatne.gov.lv updated regularly
2.	Opening events of multifunctional youth initiative centre in Salacgrīva, Talsi and Līvāni.	To inform local society, project target group and all interested bodies about opening of youth centre in respective local government	30.05.2013 Salacgrīva 24.09.2013 Talsi 31.01.2014 Līvāni
3.	Publications and videos about opening of youth centres:	To inform general public about the project “Support for the Development of Youth Initiatives in Peripheral and Disadvantaged regions” – establishment of Centres, and the role played by the Swiss Contribution.	
	Salacgrīva	Publications	June, 2013 1) Latvian Association of Local and Regional Governments Newspaper “Logs” 2) Newspaper “Auseklis””

	Talsi	Publications and video	September, 2013 1) www.talsi.lv 2) www.talsubjc.lv 3) www.jaunatneslietas.lv 4) Newspaper „Talsu Vēstis” 5) Newspaper „Talsu novada ziņas” 6) http://jaunatne.gov.lv/lv/raksti/atklats-rekonstruetais-talsu-novada-bernu-un-jauniesu-centrs 7) www.talsutv.lv
	Līvāni	Publications and press releases	October 2013, February 2014 1) Newspaper “Līvānu novada vēstis” 2) www.latgale.lv 3) www.balatamaja.lv
4.	Press releases about trainings for youth in: <ul style="list-style-type: none"> - Riga Planning Region about personal development using different approaches and methods "Mērķē augstāk" (“Aim higher!”), 06.-08.09.2013; 11.-13.10.2013. - in Riga Planning Region about strengthening capacity of youth organizations/non-formal groups from 13.09.2013 till 15.09.2013. - in Latgale Planning Region about personal development using different approaches and methods "Mērķē augstāk" (“Aim higher!”), 13.-15.09.2013; 18.-20.10.2013. - in Latgale Planning Region about strengthening capacity of youth organizations/non-formal groups, 27.-29.09.2013. - in Vidzeme Planning about strengthening capacity of youth organizations/non-formal groups, 04.-06.10.2013. - in Zemgale Planning Region about 	To inform young people in regions: <ul style="list-style-type: none"> • Active young people (group leaders, NGO activists etc.). • Members of schools councils. • Young people between 13 and 16 years old. • Young people between 17 and 25 years old 	In various regional and national web sites and social networks

	<p>strengthening capacity of youth organizations/non-formal groups, 18.-20.10.2013.</p> <p>- in Kurzeme Planning Region about strengthening capacity of youth organizations /non-formal groups 11.-13.10.2013.</p>		
5.	Press releases about second regional forum in Kurzeme Planning Region 10.-11.05.2013.	<p>To inform:</p> <p>1) Persons involved in youth work</p> <ul style="list-style-type: none"> • Directors of youth centres, policy makers, youth work specialists. • Applied youth work workers. <p>2) Others who work with youth</p> <ul style="list-style-type: none"> • NGOs that actively involve young people • Teachers, organisers of extra curriculum activities, vice-directors for education • Social workers and other provider of social services • Other specialists (for instance, policemen who specialise in youth cases, probation service specialists, employees of youth penitentiary institutions about the training within project “Support for the Development of Youth Initiatives in Peripheral and Disadvantaged regions” and the role played by the Swiss Contribution. <p>3) To inform young people:</p> <ul style="list-style-type: none"> • Active young people (group leaders, NGO activists etc.). • Members of schools councils. • Young people between 13 and 16 years old. • Young people between 17 and 25 years old 	In various regional and national web sites and social networks
6.	Press releases and publications about Regional Conference “Turn Zemgale!” in Zemgale Planning Region 27.09.2013.		
7.	Press releases and publications about National Forum “Turn Latvija!” in all Planning Regions 07.-08.11.2013.		
8.	<p>Publications and press releases about seminars for persons involved in youth work:</p> <p>- about active participation in municipality’s work, in Riga Planning Region 26.-28.04.2013</p> <p>- about communication and co-operation “Together!”, in Latgale Planning Re-</p>	<p>To inform persons of Planning regions:</p> <ul style="list-style-type: none"> • Active young people (group leaders, NGO activists etc.). • Members of schools councils. • Young people between 13 and 16 years old. • Young people between 17 and 25 years old 	In various regional and national web sites and social networks

	gion 17.-19.05.2013.		
9.	Publications and press releases about seminars for representatives of educational institutions about non-formal education methods, in Kurzeme Planning Region from 28.-30.10.2013.	To inform teachers, organisers of extra curriculum activities, vice-directors for education in Kurzeme Planning Region.	In various regional and national web sites and social networks
10.	Publications and press releases about seminar for pupil self-governments and their consultants (mixed groups) about facilitation of active participation at school in Vidzeme Planning Region 29.- 31.10.2013	To inform persons in Vidzeme Planning Region: <ul style="list-style-type: none"> • members of schools councils; • Young people between 13 and 16 years old; • Teachers, organisers of extra curriculum activities 	In various regional and national web sites and social networks
11.	Publication about training and events within project in 2013	To inform general public about the project – established centres, training, events and the role played by the Swiss Contribution.	November 2013 1) http://jaunatne.gov.lv/lv/raksti/at-skats-uz-latvijas-un-sveices-sadarbibas-programmas-aktivitatem-2013-gada 2)Journal “Jaunatne”
12.	Evaluation seminar	In cooperation with trainers and regional coordinators to evaluate organization and quality of trainings held in 2013	12.12.2013 AIPY
13.	Seminar about the Youth initiatives project	To inform new trainers and regional coordinators about the project – establishment of Centres, trainings and events for youth and trainings for persons involved in youth work in 2014	February, 2014
14.	Information materials	To inform general public and target groups about the project	February-December, 2014 January-March, 2015
15.	Press releases and publications in various sites and newspapers about trainings and seminars organized within Youth initiatives project	To inform general public and target groups about the project	February -December, 2014 January-March, 2015
Sarkandaugava project			
1.	Publications in the SES's web page www.vvd.gov.lv .	To inform general public and all interested bodies about the project – remediation works carried out at the polluted territory of Sarkandaugava and the role played by the Swiss Contribution: Acceptance of the project; Start of the project; Results of the project.	June, October 2013, January 2014 Web page www.vvd.gov.lv

Micro lending programme			
1.	Permanent information about the Programme (conditions, current progress etc.) at the website	Information on Programmes' conditions and current achievements/ general public; applicants; potential applicants	Web pages www.hipo.lv ; www.altum.lv updated regularly
2.	Press release on achievements in micro-lending by ALTUM	To inform general public on full utilization of the Programme's budget	18.09.2013 on web pages www.leta.lv : www.hipo.lv
3.	Advertisement campaign	To inform potential applicants on Programme's availability	8 times in March- April, 2013 on newspapers: "Dienas Bizness"; "Diena"
5.	Informative leaflets	To inform potential applicants about Programme's conditions	Permanently/ Central office, regional branches
6.	Information distributed by the Swiss competent authorities	To inform general public and policy makers about the Programme, its role in Latvian economy	In May 2013 www.swiss-contribution.admin.ch
7.	Information at Swiss Annual Conference (slides presentation; short film) in April 2013	To inform general public and policy makers about the Programme, its role in Latvian economy (at macro and micro level)	31.05.2013 Bern (Switzerland)
Fire safety project			
1.	Information on the SRDA's web page www.vraa.gov.lv	To inform general public, project partners and other interested bodies on the project activities and news as well as about the Swiss contribution.	Updated regularly http://www.vraa.gov.lv/lv/sveice/ugunsdrosi/ba/
3.	Press releases	To inform general public on the project activities	II quarter 2013 – I quarter 2015 (30 articles published)
4.	Information on radio and TV	To inform general public about the project as well as to pay young people and their parents attention to fire safety issues	In May, 2013 on the Radio In August, 2013 on TV (broadcast of competition "Lord of the Fire") In January 2015 – 10 video materials about

			Project activities published on Internet
5.	Competition “Lord of the Fire”	To pay young people attention to fire-safety issues	February – May 2013 Organized at schools in Riga, Jelgava, Valmiera, Daugavpils, Liepāja
6.	An official visits to the schools where fire safety systems were installed	To inform general public trough regional media on project’s activity “Acquisition of fire safety systems for local governments”	18 articles in various regional media 25.09.2013., Riebiņi 16.10.2013., Engure 14.11.2013., Skrunda 15.01.2014., Bauska 17.02.2014., Raiskums
7.	Seminars	To inform project partners and stakeholders, education institution authorities on project activities and plans	09.05.2013., Rīga 16.05.2013., Rīga January, 2015- Final conference
8.	WEB game	To educate and to draw attention of school-age children from 1 st – 9 th grade about fire safety issues and civil protection matters	May – November, 2014: game development October, 2014 – January, 2015: promotion activities

Annex 6 “Main conclusions and progress of implementation of recommendations on audits performed in 2013”

System audits	
1. Audit of the Scholarship fund’s management system in SEDA	
Main conclusions	<p>It was concluded that the established management and control system in SEDA works, however few improvements are necessary and following deficiencies were recognized:</p> <ol style="list-style-type: none"> 1. In the implementation and administration of the Fund only one employee is involved. ‘Four eyes’ principle is not ensured. 2. In the Internal Procedure for the implementation of the Fund it isn’t clearly stated how an electronic correspondence with the interested parties of the Fund shall be managed. 3. Low number of applications within the 4th open call (only 5 applications received). 4. The number of scientific institutions indicated by MoES in the list of Latvian institutions eligible for participation in the Fund substantially differs from the information indicated in the register of scientific institutions of the Republic of Latvia. 5. In one case, an evaluation of an application for the Fund is based only on a partial evaluation of open call criteria. 6. Information stated in paragraph 2.3.1. (<i>In a progress report, the Agency shall present a short analysis on current progress of projects</i>) of the Fund’s Memorandum of Understanding (MoU) concluded on 19.08.2010 between CRUS and SEDA does not correspond to actual situation as, in fact, fellows inform CRUS directly about the progress of a particular project.
Progress of implementation of recommendation	<p>All deficiencies were eliminated till the end of 2013:</p> <ol style="list-style-type: none"> 1. The job description of responsible Senior Project Manager of International Cooperation Programme Division of SEDA has been updated with an obligation to ensure the implementation and administration of the Fund, thereby starting from 2 December 2013 in the administration of the Fund two employees are involved – Head of Division and Senior Project Manager. 2. On 19 August 2013 Internal Procedures of the SEDA were amended – both e-mails latvia@sciex.lv or the e-mail of a responsible employee is used for a correspondence. 3. In order to increase a number of applications, SEDA carried out following activities – disseminated information on the open call via webpages, press releases, publications in newspapers, e-mails, seminars as well consultations were provided to potential fellows/mentors – by phone, e-mail, on the spot at SEDA and during seminars. 4. On 31 July 2013 SEDA asked the MoES to submit the updated list of the Latvian institutions eligible for participation in the Fund. The updated list is published on the homepage²¹ of SEDA. 5. On 19 August 2013 SEDA’s Internal Procedures for ensuring the implementation of the Fund were amended – additionally prescribing “<i>Before signing an acceptance certificate, a responsible employee verifies whether the evaluation was performed in compliance with terms and conditions of the contractor agreement and whether arithmetic mistakes have been found. If neces-</i>

²¹ <http://www.crus.ch/information-programme/sciex-nms-ch/sciex-nms-ch-latvia.html>

	<p>sary, the evaluation shall be submitted to experts for clarification”.</p> <p>6. On 19 August 2013 the MoU was amended, thereby paragraph 2.3.1. of the MoU is now in compliance with actual situation.</p>
2. Audit of Sarkandaugava, Fire safety and School busses projects’ management and implementation system in SES and SRDA as well as audit of implementation of competent line ministry’s functions in MoEPRD	
Main conclusions	<p>In general the competent line ministry (MoEPRD) is performing its obligations according to the PIA, the PA and respective laws and regulations as well as an effective Monitoring and Control system has been developed in order to monitor implementation of projects. Although MoEPRD has not developed description of procedures for monitoring and control, actually the monitoring is performed and projects are implemented according to terms and conditions of the PIA and the PA. Following recommendations were expressed:</p> <ol style="list-style-type: none"> 1. Development Instruments Department of MoEPRD (DID) doesn’t have a definite procedures for the monitoring and control of the Sarkandaugava and Fire safety projects and it is not determined which information shall be included into the monitoring register. As well as verification of Sarkandaugava project’s 4th interim report by MoEPRD were not documented, thus, auditors didn’t have a possibility to evaluate the results of performed verifications. 2. For the DID it is not determined which electronically prepared and received documents related to the implementation of projects shall be kept and where these will be kept in order to comply with condition of the PA – all documents shall be kept 10 years after the completion of projects. 3. Reports of the Sarkandaugava project have not been approved at the Steering Committee meetings, although that is prescribed within the PA. 4. MoEPRD doesn’t have a definite procedure for the monitoring of post-completion obligations within the projects – maintenance of projects’ results in accordance with sub-paragraph 16.1 of the PA. 5. The PIA of School busses project doesn’t determine for MoEPRD to make the post-completion monitoring, however auditors have ascertained that monitoring is made. The existing procedures of monitoring and control aren’t documented.
Progress of implementation of recommendation	<p>As the recommendations were issued on 13 September 2013 and they shall be fulfilled by 1 August 2014, the information on implementation of recommendations will be provided in the next Annual Report.</p>
Projects’ external financial audits	
1. Intermediary financial audit of the Micro lending programme	
Main conclusions	<p>Audited financial statements for the period from 1 July 2011 till 30 June 2013 and the justifying documents submitted within their framework comply in all substantial aspects to the national law and regulations and provisions set within the PIA, the accounting system of the project is appropriate and complies with national regulations and provisions set within the project. In addition to generally positive conclusions some observation was issued by the audit organization regarding incorrect information on the allocated, underwritten and disbursed credits as well as technical errors were observed in the descriptive part of the interim reports.</p>

Progress of implementation of recommendation	The EA (ALTUM) informed the NCU, that the incorrect information in interim reports is mainly related to the operational information used during the preparation of the reports which has been afterwards adjusted, so all inaccuracies of previous reporting periods have been corrected in the total amounts disclosed in the Project Interim Report for the period 1 January 2013 – 30 June 2013. Meanwhile the Executing Agency will take into account the auditor's recommendation and in future information disclosed in reports will be also reviewed by another employee (the "four-eye" principle will be ensured).
2. Final Financial Audit of the NGO Fund	
Main conclusions	Audited financial statements for the period from 1 January 2010 till 30 April 2013 and the supporting documents submitted within their framework comply in all substantial aspects with the provision of the PIA and with the Swiss programme's regulations, and laws and regulations of the Republic of Latvia as well as eligible expenses of SIF's management and administration can be identified and separated from other expenses and are verifiable. Following observations and recommendations were issued: 1. To improve safe financial management practice in future management of foreign contributions, verification of eligible expenses of the subprojects against supporting documentation shall be for each reporting period not only at the end of subprojects with final reports, thereby the risk of non-eligibility of expenses would be significantly reduced as well as the risk, when funding disbursed on the basis of interim reports exceeds the total expenses to be reimbursed by SIF, would be reduced; 2. Significant part of subprojects' informative, interim and final reports are submitted after the deadline set in Subprojects' Implementation Agreements.
Progress of implementation of recommendation	SIF informed the NCU that in order to reduce the risk of non-eligible expenditures during subprojects' implementation, SIF has carried out on the spot checks based on the subprojects' risk evaluations as well as has ensured regular communication with the subprojects' promoters. Furthermore SIF has improved safe financial management practice for similar foreign contributions – the EEA Grants 2009-2014 co-financed NGO Fund where the payments are made only after expenses are verified against supporting documentation thus taking into account the recommendation of the Audit organization. Regarding the second recommendation, SIF explained that several subprojects' reports were submitted after the deadline due to objective reasons as well as SIF controlled submission of reports by sending regular reminders and prolonged submission deadlines when reasonable explanations were received, therefore incompliance with submission terms of subprojects' reports was without any impact on utilized financing or on projects' results.
3. Intermediary Financial Audit of the Youth initiatives project	
Main conclusions	Audited financial statements for the period from 1 June 2011 till 31 December 2013 and the supporting documents submitted within their framework comply in all substantial aspects with the provision of the PIA and with the Swiss programme's regulations, and laws and regulations of the Republic of Latvia. In addition to generally positive conclusions a minor observation regarding exchange rates was issued – in the 4 th Project Interim Report for one transaction an inappropriate exchange rate was applied.
Progress of implementation of recommendation	The correction of amounts was made in the 5 th Project Interim Report, thereby the recommendation is implemented.