

**MINUTES OF THE 5th ANNUAL MEETING:
EEA/NORWAY GRANTS 2009-2014**

**LATVIA
RIGA, 9 JUNE 2016
Ministry of Finance, Room 202**

Adoption of the Agenda and approval of the Strategic Reports (hereinafter – the SRs)

The Annual Meeting (hereinafter – the AM) was chaired by the Head of EU Funds Monitoring Department – Ms. Diana Rancane (on behalf of the Head of the Focal Point (hereinafter – the FP)) together with the representative from the Donorstates' side – Ms. Pia Gjesme Holm, the Deputy Director of European Affairs Department at the Norwegian Ministry of Foreign Affairs and Co-chairman of the Financial Mechanism Committee.

The agenda and the list of participants is attached to the minutes as the Annex 1.

The AM was opened with introductory speech made by Ms. D.Rancane. She emphasized overall good progress achieved towards the main goals of reducing social economic disparities and strengthening bilateral relations within European Economic Area Financial Mechanism and Norwegian Financial Mechanism 2009-2014 (hereinafter – the FMs) programmes' results. The Donorstates' side were thanked for the possibility of projects' extension which will allow successful completion of very important investments. Although only 68 out of 342 projects were extended, but still financial impact is significant as these 68 projects constitute 65% of total allocation. It was highlighted that the main achieved results in the programmes during previous year that showed the following positive impacts on the FMs' main goals:

- significant input on development and strengthening of Latvia's NGO sector was provided, in result proposal for effective NGO support system, including National state financed NGO Fund, was elaborated;
- Green Technology Incubator was established and nearly 100 green ideas received pre-incubation or incubation services and green technologies are introduced, thus setting ground for sustainable development of „green” industries in Latvia;
- new alternative to imprisonment – Electronic Monitoring system – was introduced; Construction works of new Addiction Centre in Olaine prison are nearly completed and all 21 short-term detention centres are renovated, thus results will have significant and long term impact on Latvia's justice system;
- 10 cultural heritage sites will be restored in different regions of Latvia and new expositions and museums' services will be offered, thus fostering cultural activities and economic growth at regional level;
- elaboration of Latvia's Climate Change Adaption Strategy and improvements of Latvia's greenhouse gas emissions inventory system are in process, thus fostering climate policy's objectives integration into other sectoral policies;
- various regional planning documents were elaborated and bilateral experience on municipalities public services was shared, thus improving performance and capacity of Latvia's regional authorities;
- 39 higher education institutions from Latvia and donorstates are working together to facilitate scholarships mobility and research-based knowledge development in following thematic fields: social sciences and humanities and public health.

Ms. D.Rancane concluded that Latvia's commitment and results so far clearly demonstrate that Latvia is a very reliable partner, incl. in the implementation of investment support programmes

in sound manner. She expressed eagerness of Latvian counterparts to continue building successful cooperation with donorstates also in the next period.

The Donorstates' side thanked for input to the achievement of the FMs programmes' results, input in strengthening bilateral relations and emphasized the importance of continued efforts in achieving results and publicizing them in the remaining time period. The Donorstates' side also congratulated Latvia's accession to the OECD and expressed that Norway has supported Latvia in discussion with OECD and will continue further support towards the necessary structural reforms whenever feasible. The Donorstates' side appreciated that the SRs are comprehensive and of good quality, especially regarding good analyze of socio-economic trends as well as impact assessment of bilateral relations and planned evaluations. The Donorstates' side approved the SRs.

Implementation status of programmes, incl. risk management

The FP presented the financial progress, changes in programmes' risk scores in comparison to the data presented in 2015 emphasizing risk reduction tendency in most of programmes due to project extensions (noted FP's stricter attitude towards risk assessment and mitigation measures), results achieved in all 7 programmes, and results of bilateral cooperation at national and programme level. Along with presentation of programmes' progress, the FP demonstrated two video stories prepared for general public with aim to explain the aim of introduction of electronic surveillance in Latvia commenced as pilot project within Correctional Services Reform Programme and the effects on attraction of investments to Latgale region facilitated by the pre-defined projects of Capacity-Building Programme.

The presentation of the FP is attached to the minutes as the Annex 2.

The Donorstates' side was delighted to see both videos, as they are excellent examples on how to provide information on the projects' results and benefits in easily understandable and visible way for general public and Latvian side was commended to continue the work on more similar videos. At same time the Donorstates' side emphasised that as at this stage all programmes show visible results, therefore it's time to think about effective communication and pro-active publicity activities to inform and present achieved results to the wider society. It was agreed by the FP to undertake this effort in structured way and coordinate the measures with the Norwegian Embassy during the next period.

The Donorstates' side expressed satisfaction with the content of FP's presentation where an impressive progress of programmes' results are shown and due care of risks taken. It seems that the programmes will achieve all or the most of results in outcome and output level (tables of outcome and output progress are attached to the minutes as the Annex 3). The representative of the Financial Mechanism Office (hereinafter – the FMO) added that Latvia according to DoRIS report on indicators' achievement progress are in "green light" which shows a good tendency.

Iceland's Ambassador noted that it would be useful to see more results achieved together with Icelandic partners as Iceland also contributes to the EEA Grants. The FP appreciated the Iceland Ambassador's comment and expressed the willingness for more cooperation with partners from Iceland.

The Donorstates' side was satisfied with the provided comprehensive information about bilateral relations at national and programme level. They welcomed the achievements and visibility of events organised under the Latvian Presidency of the Council of the EU in the first half of 2015 and "Riga – the European Capital of Culture in 2014" activities. Also the very good cooperation with the Donors Programme Partners as strategic partners within implementation of the programmes was emphasised.

The FP presented proposal on effective usage of leftovers of the National Bilateral fund – EUR 6 000 to co-finance Nordic Baltic Business Forum proposed by the Norwegian Embassy and EUR 5 752 to Internal audit capacity and competence building measures in close cooperation with Norwegian partners in the field of good governance with focus on public finances proposed by the Internal Audit Department of Ministry of Finance of Latvia.

The Norwegian Ambassador pointed out that the Internal audit capacity strengthening activity is very good proposal and offered to decrease funding for Nordic Baltic Business Forum and to increase funding for Internal Audit activity since good governance measure overall requires more financing for more and better results. It was decided that EUR 1 500 will be provided for Business Forum and EUR 10 252 – for Internal Audit activity for successful cooperation between Latvia and Norway (agreed during e-mail correspondence between the Norwegian Embassy and the FP, attached to the minutes as the Annex 4).

Status of Green Industry Innovation programme (LV06)

The PO (hereinafter – the PO) presented current progress of the programme, main challenges/risks and their mitigation measures as well as good examples of projects level bilateral cooperation. The PO also thanked for project extensions and stressed that extension was crucial for most part of the beneficiaries to achieve qualitative projects' results. The main challenge for the PO is efficient use of leftovers – at this stage indicative ~0.4 M EUR, but due to fact that the project promoters could refuse to implement projects at the end of implementation deadline – it is possible that additional leftovers will be known at very late stage of the programme's implementation. But the PO will do the best to reallocate leftovers to Programme Bilateral fund's activities at the Baltic States' level and to the promotion of bilateral cooperation possibilities within *Horison 2020*.

The Donorstates' side noted that this programme is an important priority for donors and agreed that innovative projects usually are with high risk level, but sometimes it is worth to take such risk. The Donorstates' side noted that services of Green Technology Incubator (hereinafter – the GTI) are highly demanded and asked to clarify about Incubator's operation beyond this FMs period. The PO clarified that it's clear that Business incubators' policy in Latvia should have more effective and strategic focus on strengthening incubators in regions in order to foster economic growth directly in regions. The GTI served as a good pilot project and gained experience, including Norwegian expertise and know-how, was used in elaboration of the Business Incubators Programme funded by the EU Funds (~55 M EUR). Additionally universities, which are co-founders of the GTI, will be also involved in the Technology Transfer Programme. It was agreed that Latvian part will provide more information on this during afternoon's official first meeting of the new FMs period.

The presentation of the PO is attached to the minutes as the Annex 5.

Status of Research and Scholarships programme (LV05)

The PO presented current programme' progress, emphasised the benefits of projects' extension, main challenges/risks and their mitigation measures, as well as informed about new activities under Programme Bilateral Fund. The PO had also emphasized the positive side effect of programme – joint Latvian and Norwegian research projects' submission rate to *Horison 2020* has increased by 100% during 2 last years. Also the PO showed an interactive map about each approved project within programme, which includes the project portfolio (main information about project, including donor state partners) which is available in the State Education Development Agency's (Implementing Agency) web homepage:

http://viaa.gov.lv/eng/international_cooperation/eea_norway_grants/eea_norway_news/.

The Donorstates' side explained that the Research and Scholarships Programme is priority for the donors and thanked to the PO for good presentation, especially about showed interactive map

of projects' portfolio, which is considered as example of best practice on how to promote projects' results to wider public via visible tool.

The presentation of the PO is attached to the minutes as the Annex 6.

Some other comments about programmes and results

The POs of Justice Programme, Climate Programme and Local Governments Capacity Programme shared their good experience regarding implementation of programmes and successful cooperation with donor partners, as well as expressed their appreciation to the donor states with hope for good and fruitful future cooperation in next FMs period.

Closing remarks

Ms. D.Rancane thanked the donorstates for the appreciation of overall progress of the implementation of FMs in Latvia and for permanent valuable support received on daily basis from the Norwegian Embassy and the FMO, and repeatedly confirmed Latvia's commitment to be excellent partner also in future.

Summarising the Donorstates' sides constructive comments, the following will be taken into account.

The Donorstates' side paid attention to the improvements necessary in the next SRs – (1) include short programmes' summaries; (2) analysis of main programmes' results; (3) analysis of the FMs contribution to the EEA cohesion.

As regards to Green Industry Innovation programme, the FMO representative added that not only creation of new work places, but as well as the secured work places are extremely important, as well as greenhouse emissions reductions due to installation and usage of improved/new green technologies in production are considered as impact of the Programmes results and should be included and more elaborated in the next SR.

The Donorstates' side expressed some additional general concern regarding FMs implementation system in Latvia which have to be tackled for the next FMs period – heavy bureaucratic system in overall and in specific cases, for example, there were some difficulties with coverage of the donor programme partner's costs regarding the Cooperation Committee's meetings organized in the donorstates. The Donorstates' side stressed the need to simplify these procedures.

The FP noted that it has acknowledged this problem in the implementation system of foreign financial assistance funds in Latvia, including FMs, and informed on the plan to work on further simplification of procedures for next FMs period. In order to be more efficient and effective, the right balance will have to be found between currently strong management and control system, focus on results and needed simplification at the same time not undermining reasonable assurance of eligibility of expenditures.

The Donorstates' side appreciated Latvia's performance in FMs implementation so far and wished all the success for continued bilateral cooperation in future as well.

The FP appreciated all comments provided by the Donorstates' side which will be taken on board while preparing the next SRs.

Annexes:

1. List of participants and agenda of the AM on 3 pages;
2. Presentation of the FP on 26 pages;
3. Tables of outcome and output progress on 7 pages;
4. Norwegian Embassy's information regarding reallocation of leftovers of the National Bilateral Fund on 1 page;
5. Presentation of the Ministry of Economics on 11 pages;
6. Presentation of the Ministry of Education and Science on 9 pages.