

**MINUTES OF THE 4<sup>th</sup> ANNUAL MEETING:  
EEA/NORWAY GRANTS 2009-2014**

**LATVIA  
RIGA, 11 JUNE 2015  
Ministry of Finance, Room 202**

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

The Annual Meeting (hereinafter – the AM) meeting was chaired by the Head of the Focal Point (hereinafter – the FP) – Mr. A.Eberhards together with the representative from the Donor side – Mr. Anders Erdal, the Deputy Director General at the Norwegian Ministry of Foreign Affairs and Chairman of the Financial Mechanism Committee.

Participants of the AM agreed on the proposed agenda. The list of participants and the agenda is attached to the minutes as the Annex 1.

During the AM implementation status of the programmes co-financed by the European Economic Area and Norwegian Financial Mechanisms 2009-2014 (hereinafter – the FMs) and activities carried out in 2014 and planned in 2015 under the Bilateral fund (hereinafter – the BF) at national and programme level were presented.

The AM was opened with introductory speech made by Mr. A.Eberhards. The Donor side thanked for input to the achievement of main FMs goals, especially in strengthening bilateral relations and emphasized the importance of achieving results in the remaining time period.

The Donor side appreciated the FP's comprehensive and strategic reporting, including on risk management and its mitigation, as well as horizontal concerns, provided in the SRs. The Donor side approved the SRs and pointed out to the FP to include in the future SRs more analysis and less description of processes, more information which highlights difficulties before they are met and more explanations on the impact of FMs on final beneficiaries and on activities of bilateral relations.

The FP appreciated the comments provided by the Donor side which will be taken on board while preparing further SRs.

**Implementation status of programmes, incl. risk management**

The FP presented the financial progress, changes in risk scores of programmes in comparison to the data presented in 2014, results achieved in all 7 programmes by explaining the main reasons for delays and lessons learnt. As regards delays, the FP explained that the main reason for that is procurement issues – for example, there have been cases when the Procurement Monitoring Bureau during the ex-ante controls of the procurement documentation has stopped procurement procedure and has required to revise documentation. In other cases the delays are related with appeals after a procurement decision was taken, construction works, lower number of received applications within particular open calls and management capacity problems. The FP has urged the Programme Operators (hereinafter – the POs) to tackle and to mitigate these obstacles as much as possible.

The FP noted that financial target for 2016 in the Likely Payment Forecast submitted to the Financial Mechanism Office (hereinafter – the FMO) on 20 May 2015 most probably will turn out unrealistic and will be leveled with 2017 thanks to the FMO's letter of 26 May 2015 on possible project extensions till 30 April 2017 (hereinafter – the FMO's letter).

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

The Donor side thanked for a comprehensive and solid presentation which shows good progress in the programmes' implementation and once more stressed and that a realistic assessment by NFP and PO should conclude that successful finalisation of projects is viable within the extended period when requesting extensions for selected projects.

As all programmes need close supervision from the FP, the Donor side appreciated the resources that the FP has made available for this function which shall ensure successful finalization of the programmes and their projects leading to the achievement of planned results. The Donor side noted that the FMO's letter provides an opportunity to mitigate the risk of a limited implementation period for most of the projects. The Donor side also reminded about their concern regarding bureaucratic burden created by the elaboration of primary and secondary legislation for management of the FMs, which has created serious bottlenecks for the implementation process of the FMs and expressed a wish that this burden could be eliminated in future, especially during next FMs period, allowing programmes to be implemented more smoothly and quickly. Time is always a focus issue and unlimited time usually means slow progress, in light of this the Donor side emphasized the important of having clear time schedules. The Donor side agreed that they recognise the advantages of pre-defined projects, and that the scope of their use in the next Mechanism is still under discussion.

The FP appreciated the Donor side's attitude towards time issue and explained that the work will be continued to ensure the implementation of programmes and its projects according to time frames and planned outcomes. The FP remarked on simplification of other foreign FMs, which was discussed during Latvian Presidency of the Council of the EU, where an agreement on the establishment of high level experts' group at EU Commission's level was reached, which will work on simplification issues and most probably the first results of this group could be seen during next AM.

### **Status of Green Industry Innovation programme (LV06)**

The PO presented current progress in the Green Technology open call, small grant scheme (hereinafter – the SGS), Green Technology Incubator pre-defined project as well as the main challenges/risks and their mitigation measures:

- Results of the 3<sup>rd</sup> call of the SGS were very good, as 45 applications were submitted and requested total grant in the applications 6,7 times exceeded available amount in the call. In order to set legal ground for increase of this call's funding thus approving more projects and afterwards to provide project contracting by 15 September 2015, it is necessary to receive the donor's approval by 20 July 2015 (planned date of the Selection Committee's meeting) to transfer leftovers from the Green Technology Open Call to the SGS's 3<sup>rd</sup> call.
- One of the main challenges is limited time for projects' implementation of the 3<sup>rd</sup> call of SGS, only 6-7 months, therefore the PO will ask for these projects an extension and prolongation for Green Technology Incubator till 30 April 2017. Other challenges are related with the cancellation of renovation of Green Technology Incubator's premises due to low interest from the final beneficiaries and increased costs of the renovation works.
- Therefore, the PO proposed to reallocate part of the leftovers/indicative released funding to the incubation services for approval of additional 4-7 projects under the 3<sup>rd</sup> call of the SGS and the other part – to the Green Technology Incubator for incubation services for projects approved within 3<sup>rd</sup> call of the SGS and for the pre-incubation services for approval of additional 20-25 business ideas under the condition that an extension for these projects could be granted.

The presentation of the PO is attached to the minutes in the Annex 3.

The Donor side pointed out that mitigation measures presented by the PO shows that planned results of programme could be delivered. The Donors reminded about the importance of compliance with the deadline mentioned in the FMO's 26 May 2015 letter for signing of projects contracts and entering data into the Documentation, Reporting and Information System (DORIS) by the latest on 15 September 2015.

### **NGO Fund (LV03) – results of the pre-defined project**

The PO presented strategic importance of the project, achieved and planned results, and impact on the NGO sector. An important result achieved – a proposal to the Latvian Government for setting up a model of state financing for the NGO sector was prepared and later it was included in the Latvian Government's declaration and action plan. Other result – development of electronic monitoring system of the NGO sector – is pilot activity and will help to monitor Latvian NGO's progress: legal environment of NGOs, their financial sustainability, reputation, internal environment and cooperation. The monitoring system will help in future to decide on support areas/directions in the NGO sector.

The presentation of the PO is attached to the minutes in the Annex 4.

The Donor side was impressed during site visit in Cēsis by Red Cross project's presentation which was a good example of great impact on final beneficiaries achieved with small grants, therefore they pointed out on the importance of impact of the NGOs on civil society and further need for development of the NGO sector in Latvia, indicating that this sector may also be a priority issue in the upcoming FMs.

### **Status of Reform of the Latvian Correctional Services and Police Detention Centres programme (LV08)**

The PO thanked for good cooperation with Norwegian partners, especially the Norwegian Ministry of Justice and their input during preparation phase, then continued with programme's progress achieved and explained necessity for extension of final date of eligibility for Latvian Prison Administration and State Probation Service projects due to challenges faced.

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

The Donor side appreciated the cooperation developed with Norwegian counterparts and is looking forward to continue it in future. The Donors advised the PO to focus on the achievement of results and to use the possibilities opened for projects' extensions.

The Donor side asked to explain the reasons for huge delay in Latvian Prison Administration project. The PO explained that the programme proposal was approved a year later than the PO expected. The other reasons were: received appeals of decision on procurement procedure for the construction services, time consuming negotiations with construction services' provider as well as limited capacity of Latvian Prison Administration in dealing with preparation of procurement documentation.

### **Bilateral relations**

The FP presented the main achievements in strengthening of bilateral relations at national and programme level using the following parameters: extent of cooperation, shared results, improved knowledge and mutual understanding as well as wider effects beyond the specific project and programme cooperation. The FP pointed out that number of partnerships has significantly increased if compared with previous FMs period – from 19% to 39%. Also it was mentioned that regardless of a low 29% absorption rate at programmes' level the funding so far has delivered significant impact on strengthening of bilateral relations.

The FP presented also national level's bilateral activities implemented during "Riga - European Capital of Culture" in 2014 and on-going events during Latvian Presidency of the

Council of the EU in the 1<sup>st</sup> half of 2015. The FP presentation was closed with analyses of media monitoring for 2014 and lessons learned.

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

The Donor side appreciated the development of bilateral relations between Latvian entities and donor states as partnership projects is an excellent result of systematic work on both sides, which definitely shall be continued. It was pointed out that successfully managed events during “Riga - European Capital of Culture” and Latvian Presidency of the Council of the EU are highly appreciated by the donor states as they addressed strengthening of bilateral relations, which is one of the two major objectives of the FMs, with a high degree of visibility. The Donor side encouraged to continue the active approach in development of bilateral relations and close cooperation with the Norwegian Embassy and donor states as well as to facilitate the absorption of bilateral funds at programme level where full engagement of POs is extremely important, as the bilateral objective is very important for the donor states. The Latvian side was informed that recently amended Regulations on FMs implementation 2009-2014 will provide more flexible use of bilateral funds at programme level. The Donor side pointed out that strengthening of bilateral relations will be focus area for donor states also in future FMs.

It was also added that the capacity of Norwegian Embassy in dealing with high number of planned bilateral activities is limited, therefore the FP was invited to discuss jointly with Embassy possible solutions.

### **Closing remarks**

The FP thanked the Donor side for the constructive comments which will be taken into account in the next SRs. Due to shortage of time and the fact that all main issues devoted to the FMs were discussed, it was agreed to skip the presentation (please find attached in the Annex 2) regarding the EU Structural Funds priorities in Latvia for 2014-2020. In the regard to the EU Structural funds 2014-2020 investment policy the FP noted that Latvia has completely changed its mind set by transferring from spending policy towards higher performance and financially wise policy, which means that measurements in time will be performed to ensure these policies deliver a real growth of economics. Also it was underlined that new investment policy is targeted not only to the areas of particular Latvian interest but also addressed the areas affected by investment gaps.

### **Annexes:**

1. List of participants and agenda of the AM on 3 pages;
2. Three presentations of the FP on 40 pages;
3. Presentation of the Ministry of Economics on 10 pages;
4. Presentation of the Society Integration Foundation on 8 pages;
5. Presentation of the Ministry of Justice on 15 pages.