

**MINUTES OF THE ANNUAL MEETING:
EEA/NORWEGIAN FINANCIAL MECHANISMS'
PERIOD 2004-2009 AND PERIOD 2009-2014**

**LATVIA
RIGA, 23 MAY 2012
Ministry of Finance, Room 304**

Adoption of the Agenda

The agenda was adopted by participants of the annual meeting. The list of participants and the agenda are enclosed to the minutes as Annex 1 and Annex 2.

The meeting was held in two parts. The first part of the meeting was the high level meeting on the Norwegian Financial Mechanism and European Economic Area Financial Mechanism (hereinafter – the FMs) period 2004-2009 and the second part of the meeting was the high level meeting on FMs period 2009-2014. The Head of the National Focal Point (hereinafter – the NFP) - Mr. A.Eberhards - chaired the meeting together with the representative from the Donor side - Ms. Vibeke Rysst-Jensen, Assistant Director General of the Norwegian Ministry of Foreign Affairs (hereinafter – the NMFA).

During the first part of the meeting the completion of the FMs period 2004-2009 was discussed and during the second part - progress reached during implementation of the FMs period 2009-2014 and preferable usage of Bilateral fund at National Level (hereinafter – the BFN).

I part - High level meeting on the FMs period 2004-2009

The NFP opened the meeting by welcoming the participants of the annual meeting and by outlining the main achievements in the FMs period 2004-2009, the progress achieved and main steps to be done in the FMs period 2009-2014.

The Donor side thanked the NFP for fruitful cooperation and outlined that Latvia' disbursement rate of 90% is above the average rate among other Beneficiary States (hereinafter – the BS) which is a very good result. Latvia has also a high rate of solid partnerships established within the FMs projects which was explained by Latvia's strong historical cooperation ties with Nordic countries. The Donor side was very positive and confident that the established partnerships will also continue in the FMs 2009-2014.

The NFP gave a presentation on results achieved, lessons learnt and last steps to be carried out for completion of the FMs 2004-2009. The presentation is enclosed to the minutes as the Annex 3.

The Donor side thanked for the presentation and admitted that it is difficult to measure impact of FMs on aggregated level. At the same time, they outlined that a link between results of FMs and their contribution to national strategies described in Latvian case is considered to be as sufficient assessment of the FMs overall impact for the Donors. As regards the lack of data for evaluation of cross-cutting issues in the FMs 2004-2009, it was clarified that the statistical system in the FMs 2009-2014 will be enhanced and this step will definitely ensure a better measurement of cross-cutting issues in the future.

The Society Integration Foundation (hereinafter – SIF) presented the Non-governmental organization Fund's (hereinafter – NGO Fund) results of the FMs period 2004-2009 and the targets set for the FMs period 2009-2014. The presentation is enclosed to the minutes as the Annex 4.

As a lesson learnt SIF mentioned too many priority areas and supported measures that have caused too fragmented funding and difficulties in the assessment of the overall impact of each measure. SIF concluded that funding must be more focused, procedures for projects evaluation

and implementation must differ depending on the size of the project, for example, smaller projects must have simpler reporting procedures.

For the period 2009-2014 the funding of the NGO Fund has increased, at the same time the number of priorities and supported measures have been decreased. The reduced number of measures will serve as a basis for NGOs to enhance cooperation. SIF mentioned that NGOs should be encouraged to cooperate more – both between sectors and that larger NGOs should cooperate with smaller NGOs – also in a capacity building perspective.

The Donor side acknowledged good performance of the NGO Fund, referring to Civil Society's lack of funding when the NGO programme/FMs was launched. They outlined that the NGO activities in the FMs 2004-2009 have been a success. For coordination of the Norwegian NGOs in the FMs 2009-2014 the NMFA has contracted the Norwegian Helsinki Committee.

The Donor side agreed that it was difficult to measure impact of activities supported by the NGOs Fund, as many NGOs are small and they often support local initiatives. SIF's efforts to focus on quality instead of quantity were highly appreciated.

The Norwegian Ambassador admitted that he was impressed by the NGO work carried out so far and the excellent cooperation.

The Donor side informed that they are planning to organize regular meetings twice a year for the Programme operators (hereinafter – the POs) of NGO Funds either in Brussels or elsewhere.

At the end of the Annual meeting for the FMs 2004-2009 the Donor side informed that they consider this to be the last Annual meeting devoted to previous FMs period and that as soon as all outstanding Project Completion Reports (PCR) will be received and approved by the FMO, an exchange of letters will be initialized by the FMO on the closing of the FMs 2004-2009.

II part - High level meeting on the Norwegian/EEA Financial mechanisms 2009-2014

Opening the first Annual meeting of the FMs implementation period 2009-2014 the Donor side acknowledged Latvia's progress compared to other BS. Latvia's Memoranda of Understanding are more detailed compared to other BS.

The Donor side outlined the main differences of the new period's framework in comparison to the FMs 2004-09, one of which is the bilateral element. All programmes in Latvia have Donor states' programme partners (DPP), which creates a solid basis for cooperation. Another difference is a larger amount of financing for a reduced number of programmes, thus ensuring a more targeted approach.

Commenting on the first Strategic Report the Donor side noted that at this stage it contains only information on the progress of preparation for implementation of the FMs and more detailed content could be expected only in the next reporting period, when the actual programme implementation will be started. For the time being all programmes are submitted to the Donors and clarification of the requested additional information (RAI) between FMO and POs is in process. The Donor side once again outlined that Latvia was among the first BS which programmes would be presumably approved. They expressed hope to be able to approve most of the programmes during the third quarter of 2012.

The Donor side also informed that they are currently working on a Risk Strategy which will be made available to all BS NFPs for discussion. They said they had contracted Ernst & Young to carry out a risk analysis both on programme as well as overall system level. The Risk Strategy would be discussed during the NFPs workshop meeting on 28 June 2012. The Donor side indicated that the strategy would be guidance on what they would like to see, but the NFP would be free to comment thus contributing to further improvement of the document.

The NFP gave a presentation on progress of the implementation of the FMs period 2009-2014. The presentation is enclosed to the minutes as the Annex 5.

As the presentation apart from other issues contained information about the open call under the Global Fund for Decent Work and Tripartite Dialogue, implemented by the Norwegian

institution “Innovation Norway”, the Donor side gave an additional update on the status of the project selection procedure. They informed that Innovation Norway has received the proposals and is performing formal conformity checks. The initial review of the submitted proposals shows that there are many partnership proposals. Successful applicants would presumably be notified to the NFP by the end of June 2012. As from some countries applications were submitted for a smaller amount than available and from some countries no applications were received at all, the remaining funds will be reallocated among other countries after the results will be clear, or Innovation Norway will organize another Open Call for the countries in question.

Co-financing:

The NFP informed the Donor side that it would request a lower national co-financing rate for certain programmes at the programme level. The Donor side replied they understood Latvia’s concern, noting that Latvia was not unique in this aspect. From around 80 programmes submitted to FMO so far, the approach regarding the co-financing rate rather varies. The Donor side promised to consider each case separately, nevertheless ideally there should be a combined programme and project level co-financing envisaged. The Donor side confirmed readiness to further discuss the co-financing issue for some programmes, like the “NGO Fund”, “Research and Scholarships” and “Green Innovation” for example. In this respect further explanations and inputs will be expected from the NFP for the Donor States to be able to take the ultimate decision on the whole package.

Cabinet of Ministers’ Regulations vs. Implementation Agreement:

The NFP explained why Programme Implementation Agreement with the POs would not be the best solution. As all POs in Latvia are public administration institutions, they are all governed by the Cabinet of Ministers (CoM), therefore issuing horizontal CoM Regulations is the most efficient way to regulate implementation of the programmes. The Regulations will contain a detailed description of procedures and division of responsibilities among the involved institutions. Besides all programmes will be initially 100% pre-financed from the State Budget and no advance payments at programme level from the FMs will be required, thus the risk of a delayed launch of programmes is avoided.

The Donor side accepted to consider the suggested model and asked to translate the draft regulations into English for their information as soon as they are ready. The Donor side’s main concern is a potential delay in the actual implementation of programmes, due to the delay in creating a complete legal framework which would create an obstacle for the financial flows to POs. Having received the NFP’s confirmation that the POs’s management costs will be eligible from the date of the programme approval, the Donor side accepted to consider the proposal.

The NFP assured that the POs are experienced and familiar with the rules, which means that they will work according to the procedures already before the official adoption of the CoM Regulations.

Bilateral Fund at National Level (BFN)

The NMFA outlined the fact that Latvia submitted its Work Plan for the BFN at a very early stage – before even the Guidelines for Strengthened Bilateral Relations were adopted by the Donor states. The Donor side indicated that the BFN is supposed to be flexible and should be used strategically. The activities covered from the fund should be reported in the Strategic Report.

The BFN can be used to build relations with the Council of Europe, DPPs and other organizations like Transparency International, etc.

Some suggestions for activities under the BFN:

- 1) Human trafficking (as already mentioned in the NFP’s presentation);
- 2) Municipal cooperation;
- 3) Best practices for local democracy;
- 4) Some activities during Latvia’s EU presidency in 2015;

- 5) Parliamentary cooperation;
- 6) Activities within Riga – Cultural Capital 2014;
- 7) Road Safety;
- 8) Promoting Common European values;
- 9) Synergies between countries – other BS.

With regard to the activities mentioned above Latvia should re-elaborate and re-submit its Work Plan accordingly, although no deadlines were set. It is expected that the Focal Point will work closely with the Norwegian Embassy in Riga when finalizing the Work Plan. The activities should be formulated so that it would be possible to report them. Bilateral activities will be discussed at every Annual meeting. They can be amended and adjusted during the whole programme life cycle.

Pre-defined projects:

Representative from the Ministry of Justice wanted to clarify if costs for involving experts from the Council of Europe in a specific pre-defined project could be eligible from the BFN. The NMFA representative explained that such costs should primarily be covered from the respective programme level Bilateral Fund.

The NMFA informed that all pre-defined projects would be considered on a case-by-case basis. The pre-defined projects that were not included in the Memoranda of Understanding need to be submitted to stakeholder consultations. The Donors have arranged for external appraisal of some of the pre-defined projects. Apart from that, after the programme approval all pre-defined projects will need to be appraised by POs before they can be launched.

Risk assessment:

The Donor side noted that NFP had not offered a risk assessment and proposals for risk mitigation measures in the status report. Furthermore the Donor side underlined the importance of risk assessment and encouraged NFP to assess the risks for the coming period, both related to the overall situation and possibly also with regard to each individual programme. Future reports should also focus on risk mitigation measures and proposals. FMO is working on a risk management strategy for the Grants as such. The risk management strategy will be applied for all BS, the FMO and the DS. The strategy will be discussed with the NFP during the workshop in June 2012. NFP undertook to elaborate a national risk management strategy-procedure based on the input by the DS/FMO.

Finally, the Donor side stressed the need for publicity throughout the implementation of the FMs.

Conclusions (to-do list)

1. At the end of the meeting the NMFA promised to their best regarding approval of the programmes;
2. The NFP will ensure submission of translated draft CoM Regulations to the Donor side;
3. The NFP will re-elaborate and re-submit the Work Plan for the BFN;
4. DoRIS related issues will be tackled during the NFP workshop meeting on 28 June 2012. The FMO plans to organize additional training for the BS DoRIS users, too.
5. The NFP will submit a summary about co-financing rates proposed at the programme level for all its programmes.

Annexes:

1. List of participants on 1 page;
2. Agenda of the annual meeting on 1 page;
3. FP's presentation "*High Level Meeting on the EEA/Norwegian Financial Mechanisms 2004-2009*" on 6 pages;
4. SIF's presentations on 4 pages;
5. FP's presentation "*High Level Meeting on the EEA/Norwegian Financial Mechanisms 2009-2014*" on 6 pages.

**PARTICIPANTS OF THE LATVIAN ANNUAL MEETING
EEA/NORWEGIAN FINANCIAL MECHANISMS:
THE 6TH FOR THE PERIOD 2004-2009
THE 1ST FOR THE PERIOD 2009-2014**

**RIGA, 23 May 2012
Ministry of Finance, Room 304**

Chairmen:***From the Ministry of Finance of the Republic of Latvia***

Deputy State Secretary in EU Structural Funds and Cohesion Fund Affairs - Mr Armands Eberhards

Co-chairman:***From the Norwegian Ministry of Foreign Affairs***

Assistant Director General - Ms Vibeke Rysst-Jensen

Participants:**DONOR STATES:*****Norwegian Ministry of Foreign Affairs***

Senior Adviser - Ms Torill Johansen

Norwegian Embassy in Riga

Ambassador - Mr Jan Grevstad

First Secretary - Ms Turid Kristin Lilleng

Advisor - Ms Linda Ozola

Financial Mechanisms Office

Deputy Director - Mr Kurt Haugen

Senior Country Officer - Mr Falk Lange

Legal Officer - Mr Alexander Cassavetti

FOCAL POINT:***Ministry of Finance of the Republic of Latvia***

EU Funds Monitoring Department, Director - Ms Diana Rancāne

EU Funds Strategy Department, Director - Mr Edgars Šādris

EU Funds Monitoring Department, EEA, Norwegian and Swiss projects Monitoring Unit, Head of Division - Ms Diāna Atkauķe

EU Funds Management System Department, Implementation System Division, Senior Expert - Ms Zane Jansone

Finances and Operational Provision Department, Communications Division, Deputy Head of Division - Ms Agnese Beļkeviča

Central Finance and Contracting Agency

Public Management and Special programme project Department, Director - Ms Zita Zariņa

Public Management and Special programme project Department, Special Programme Management Division, Head of Division - Ms Ilze Pētersone

AUDIT AUTHORITY:***Ministry of Finance of the Republic of Latvia***

EU Funds Audit Department, Director - Ms Nata Lasmane

EU Funds Audit Department, Senior Expert - Ms Olga Guza

PAYING/CERTIFYING AUTHORITY:***State Treasury of the Republic of Latvia***

European Affairs Department, Director - Ms Karīna Zencova

LINE MINISTRIES:***Ministry of Economics of the Republic of Latvia***

Business Competitiveness Department, Innovations Division, Head - Ms Una Vanaga

Ministry of Environmental protection and Regional Developments

Development Instruments department, Territorial cooperation Division, Head of Division - Ms Anna Djakova

Project Implementation Department, Deputy Director - Mr Raivo Kallions

Ministry of Education and Science of the Republic of Latvia

Policy co-ordination Department International Affairs and Financial Mechanism Unit, Head of Unit - Ms Gunta Arāja

Policy Coordination Department International Affairs and Financial Mechanism Unit, Senior Desk Officer	-	Ms Guna Ailte
Ministry of Justice of the Republic of Latvia Projects department, Planning and Control Division, Senior Desk Officer	-	Mr Valdis Puskvācietis
Ministry of Culture of the Republic of Latvia EU Structural Fund Department, Director	-	Ms Sanita Rancāne-Delekolē
Ministry of Health of the Republic of Latvia Budget and Investments Department, Financial Analysis and Investment Coordination Unit, Head of Unit	-	Ms Inese Andersone
Ministry of Welfare of the Republic of Latvia Labour Department, Labour Market Policy Division, Senior Desk Officer	-	Ms Daina Fromholde
Ministry of Interior of the Republic of Latvia European Affairs and International Cooperation Department, International Project Coordination Division, Senior Desk Officer	-	Ms Ilze Baranovska
Society Integration Foundation Deputy Director of the Secretariat	-	Ms Sanda Rieksta
State Education Development Agency International Cooperation Programme Division, Head of Division	-	Ms Larisa Vaļte
Latvian Investment Development Agency Project Development Division, Head of Division	-	Mr Guntis Lauskis
Rapporteur: <i>Ministry of Finance of the Republic of Latvia</i> EU Funds Monitoring Department, EEA, Norwegian and Swiss projects Monitoring Division, Senior Desk Officer	-	Ms Inga Vajevska/ Ms Linda Mežvieta

**AGENDA OF THE LATVIAN ANNUAL MEETING
EEA/NORWEGIAN FINANCIAL MECHANISMS:
THE 6TH FOR THE PERIOD 2004-2009
THE 1ST FOR THE PERIOD 2009-2014**

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9:15-9:30 Registration and coffee

1.	09:30 - 09:40	Opening by Focal Point and approval of agenda
2.	09:40 - 09:50	Feedback from donors about Annual reports
3.	09:50 - 10:10	Overall information about completion of implementation of Financial Mechanisms 2004-2009 (<i>representative from the NFP</i>)
4.	10:10 - 10:15	Steps for finalization and closure of Financial Mechanisms 2004-2009 (<i>input from donor states</i>)
5.	10:15 - 10:25	Support for NGO sector – results achieved, lessons learned and future steps (<i>representative from the SIF</i>)
6.	10:30 - 10:45	Feedback from donors about Strategic report
7.	10:45 - 11:15	Overall information about status on preparation and implementation of Financial Mechanisms 2009-2014 (<i>representative from the NFP</i>)
8.	11:15 - 12:20	Discussion about funds for bilateral relations at national level and publicity
9.	12:20 - 12:35	Agreement on milestones for 2012 and closure of high level meeting/agreement about next Annual meeting

13:00 – 15:30 Lunch