

Cooperation programmes under the European territorial cooperation goal

CCI	2014TC16RFCB050
Title	(Interreg V-A) EE-LV - Estonia-Latvia
Version	1.3
First year	2014
Last year	2020
Eligible from	01-Jan-2014
Eligible until	31-Dec-2023
EC decision number	
EC decision date	
MS amending decision number	
MS amending decision date	
MS amending decision entry into force date	
NUTS regions covered by the cooperation programme	EE004 - Lääne-Eesti EE008 - Lõuna-Eesti LV003 - Kurzeme LV006 - Rīga LV007 - Pierīga LV008 - Vidzeme

1. STRATEGY FOR THE COOPERATION PROGRAMME'S CONTRIBUTION TO THE UNION STRATEGY FOR SMART, SUSTAINABLE AND INCLUSIVE GROWTH AND THE ACHIEVEMENT OF ECONOMIC, SOCIAL AND TERRITORIAL COHESION

1.1 Strategy for the cooperation programme's contribution to the Union strategy for smart, sustainable and inclusive growth and to the achievement of economic, social and territorial cohesion

1.1.1 Description of the cooperation programme's strategy for contributing to the delivery of the Union strategy for smart, sustainable and inclusive growth and for achieving economic, social and territorial cohesion.

Introduction

Interreg V-A — Estonia–Latvia is a continuation of the 2007-2013 cross-border cooperation programme.

VISION

Estonia and Latvia are places with excellent opportunities for people to lead successful and fulfilling lives, among happiest in Europe.

MISSION

We support ideas that help Estonia and Latvia to grow through neighbourly cooperation.

The programme aims at strengthening cooperation among regions, through achieving the following strategic objectives:

- active and attractive business environment;
- clean and valued living environment;
- better network of harbours;
- integrated labour market.

The total European Regional Development Fund support for the programme is €38 020 684.

Interreg V-A — Estonia–Latvia (hereafter referred to as 'the Estonia-Latvia Programme 2014-2020' or 'the Estonia-Latvia Programme' or 'the programme') contributes to the achievement of the European Union (EU) headline targets listed in the Europe 2020 strategy in the form of the following:

- the priority axes "Active and attractive business environment" and "Integrated labour market" help to decrease unemployment and create new cross-border job opportunities; and,
- the priority axis "Clean and valued living environment" aims to raise resource efficiency.

In addition, the programme aims to contribute to the EU Strategy for the Baltic Sea Region by means of the following objectives: "Connect the region" and "Increase Prosperity". The strategy builds on the National Development Plan of Latvia for 2014-

2020, the Sustainable Development Strategy of Latvia until 2030, the National Reform Programme “Estonia 2020“, the National Spatial Plan “Estonia 2030+“ and relevant thematic strategies.[1]

Programme area

The programme area is situated in the northern part of Europe, on the north-eastern coast of the Baltic Sea. In the east, the programme area extends as far as the EU external border with Russia. The programme area covers the southern and south-western parts of Estonia and the northern and western parts of Latvia, covering a total amount of territory of 65,968km² (26,668km² in Estonia and 39,300km² in Latvia), which amounts to 1.56% of the total land area of the European Union. Estonia and Latvia share a 343km-long land border and a 214km-long sea border. The programme area has a coastline of 1,139km in the west (of which 497km is within Latvia and 642km is within Estonia), including 1,418 islands and islets (with an approximate total coastline of 1,283.5km), all of which are within the Estonian section, and only thirteen of which are permanently populated. The large transport routes of the Via Baltica and Via Hanseatica cross the region from north to south. The programme area includes the large deep-sea ports of Liepāja, Rīga and Ventspils, which function as parts of an important transit corridor for trade between the European Union and Russia.

The programme’s eligible area includes the following NUTS III regions within Estonia: Lõuna-Eesti (South Estonia) and Lääne-Eesti (West Estonia); and within Latvia: Kurzeme, Pierīga, Rīga and Vidzeme.

Population and education

The programme area’s population is about 0.44% of the population of the European Union: approximately two million inhabitants in total, of which 0.5 million are on the Estonian side of the border and 1.5 million on the Latvian side (Central Statistical Bureau of Latvia, Statistics Estonia 2012). The population has decreased gradually due to economic, demographic and migration changes in both countries. According to Estonian and Latvian statistics, the region has lost around 100,000 people since 2007, which makes up as much as 5% of the population in the programme area; and this process continues.

The population is mainly concentrated in two bigger urban areas - Riga in Latvia and Tartu in Estonia, which account for approximately 0.8 million inhabitants. The average population density in the rest of the programme area is only 16-17 inhabitants per km², which means that the area is very sparsely inhabited. The ageing of the population is unavoidable and yet is spatially uneven, as the proportion of the elderly is bigger in rural areas and smaller in cities and towns where the younger generation predominates due to in-country resettling. Ageing is likely to burden the social system and adversely affect the growth potential for the economy, particularly in rural areas. At the same time, prospects may improve for developing the “silver economy”, to which smaller urban communities may also contribute.

The overall potential for providing education in the programme area is good - almost a hundred vocational education centres and more than fifty higher education institutions, most of them in the Riga region, including public universities and their branches, applied higher education institutions and private higher education facilities. Among others, the area hosts the top universities of both countries, namely the University of Tartu, the

Estonian University of Life Sciences, the University of Latvia and Riga Technical University. There are a large number of public and private scientific institutes and organisations, academic centres and science parks in the region, which provide good potential for scientific and applied research. In 2012, expenditure on research and development formed 2.19% of GDP in Estonia and 0.66% of GDP in Latvia.

When compared to the previous programme period, several changes have occurred in the field of vocational education. In Estonia, a major part of the network of vocational education institutions was rearranged by 2009. The reduction in the number of state-owned vocational education institutions has been especially significant: from 58 to 30 during the past ten years with the aim of increasing the quality, accessibility and efficiency of vocational education and training (VET) institutions.

Many smaller institutions have been merged into regional VET centres with a wide variety of specialities being taught at one institution. The number of primary and lower secondary schools and VET institutions has decreased year-on-year, also due to the adjustment to demographic trends. In forthcoming years, a reorganisation of upper-secondary and higher education institutions is planned in Latvia, while a substantial reform of vocational education has already been carried out in 2012. Funds totalling 161 MEUR have been directed towards the improvement and modernisation of the infrastructure of vocational education institutions. Based on the reform and concentration of funding, Latvia receives fully modernised and equipped, up-to-date vocational education centres in all regions of the country. The cross-border cooperation between educational institutions is being encouraged to achieve better coherence with labour market needs in the programme area. The best practice in this regard can be found in the border towns of Valga-Valka, where Valga County Vocational Training Centre (Estonia) launched training for Latvian-speaking students in 2012 and is now serving students of both countries.

Regional economy and the information society

The programme area is characterised by an economic structure, which has services forming the biggest share of GDP (approximately 70%), followed by industry (20%) and agriculture (4%), leaving the remaining 6% to other fields.

The programme area is largely a rural one, which also contains the commercial and trading centre of Riga (the capital of Latvia, with a population of about 700,000 inhabitants), the university town of Tartu (the second largest town in Estonia, with a population of around 100,000 inhabitants) and several medium-sized and small regional towns, including the unique bordering twin towns of Valga (Estonia) and Valka (Latvia), which have the potential to grow into one township with an integrated townscape and centre, which would also support the mobility of people between towns and business development. The regional division of GDP within the programme area is rather uneven, leaving the bigger share to areas around Tartu and Riga.

The main economic sectors and branches in the area are as follows:

- Service sector: tourism and leisure, trade, health, financial services, communications networks, transport and logistics.
- Industry: timber and wood processing, food and drinks production, construction, mechanical engineering, light industry and steel production.
- Agriculture: grain and vegetable growing, dairies and fisheries.

The economic activity in the region, especially in terms of agriculture, food production, timber processing and construction, is based largely on local resources. Urban settlements in the programme area display measurably more competitive advantages over any rural location, which are often under-populated and lag behind in terms of living conditions, employment opportunities and the availability of goods and services. Despite a relatively large share of services in the regional GDP, the accessibility of services remains unevenly distributed throughout the programme area, with sufficient choice between different services and consumer products being the reality only in the larger population areas. There is an opportunity to promote a better use of local resources such as, for instance, in finding a way of changing consumption patterns in order to increase demand for more resource-efficient services and products and new entrepreneurial models, where products are leased rather than bought and so on. Such a transformation of the economy towards sustainable consumption and production is in line with the Europe 2020 Strategy and its flagship initiative on “A Resource Efficient Europe” in order to achieve transition towards a green economy.

The development of the Information and Communication Technology (ICT) sector is a high priority for both countries and both demonstrate advanced levels of performance in ICT development and high internet usage levels. In 2013, fixed broadband coverage in Estonia was at 87.3%, making the internet accessible nearly everywhere in the country. In Latvia, the access to the internet by households has grown from 50.5% in 2007 to 71.6% in 2013, whilst internet use by enterprises has grown from 62.3% in 2007 to 92.5% in 2012. Estonia has been experiencing advanced levels of use in electronic ID (eID) since 2002; Latvia introduced eID in 2012. The basic infrastructure of national information systems has allowed public services to be improved by the use of fast and flexible ICT solutions - both countries offer e-services in health, education, welfare and social services, the electronic registration of a company and related services, and the involvement of society in the decision-making processes, to name just some areas. ICT has also made a contribution towards the preservation of cultural heritage, including the creation of digital libraries and related e-services.

Private sector benefits from electronic authentication and the digital signature that can make everyday business almost paper-free, flexible and fast. The possibility of establishing a company quickly and without leaving home, works as an advantage for those who are starting their own business.

In 2012, the export of ICT services and products accounted for 12.5% of total exports (Estonia), despite the sector representing only 4% of the total level of employment, as its productivity is considerably higher than that of other sectors. The development of the ICT sector has mostly been tackled by the national support programmes, therefore the Estonia-Latvia Programme considers those activities that are related to ICT development as being supportive actions that can be adapted horizontally under each priority. Estonia and Latvia can cooperate to boost their experience in developing ICT solutions for smart work, joint databases, digital conservation of common heritage, and other innovative actions that support the investment priorities in the Estonia-Latvia Programme.

CROSS-BORDER CHALLENGES AND OPPORTUNITIES FOR THE ESTONIA-LATVIA PROGRAMME AREA

The following chapter provides a brief overview of the current socio-economic situation in those areas that are covered by the Estonia-Latvia Programme 2014-2020. Subtopics are summarised in the list of challenges and opportunities. Based upon these, the

thematic objectives were selected and designed into priority axes that are described in Section 2.

Labour Market

The economic crisis has had the largest impact on the labour market situation in the programme area (unemployment rate reached up to 15% in Latvia and 10.2% in Estonia, Eurostat 2010). Although employment has increased, the employment rate continues to differ (unemployment rate 10.8% in Latvia and 7.4% in Estonia, Eurostat 2014) as it has the highest involvement in bigger capital and urban areas (unemployment rate 5.1% in Riga and 3.5% in Tartu), whereas the rates are lowest in border regions (unemployment rate 10.3% in Kurzeme region, Latvia and 8.6% in Valga County, Estonia; Estonian Unemployment Insurance Fund, Latvian State Employment Agency, 2015).

Another characteristic of the programme area is the decrease in the population, especially in rural areas which, during the economic crisis, was mainly caused by settling outside the programme area. While urbanisation continues to favour larger cities and towns, the negative demographic trend caused by the low birth rate, the migration of working-age people and an ageing population are considerable challenges for both countries when it comes to ensuring that an adequate labour supply is available in the longer term. An unbalanced development within regions creates labour market competition also for professionals, hinders development in less prosperous regions and may lead to the concentration of venture capital, research grants and other resources to a few more highly developed economic hot spots, which in case of the programme area are Riga and Tartu. This creates significant risks for the sustainability of the social security systems in both countries.

Although Estonian and Latvian labour markets are moving towards meeting the needs of a more knowledge-based economy and various national development plans in both countries aim the economies to increase productivity, as well as efficient and smart use of resources, the mismatch of skills of people in various working-age groups and the needs of the labour market in Estonia and Latvia do not coincide in a large extent. This is visible both in the sectors of employment that potentially faces a demand for labour in the coming years and in the national priority sectors for economic growth. In general, it is expected that more people are employed within the service and industry sectors (e.g. commerce, tourism, food, timber and manufacturing industries). It consequently presents another challenge for the programme area in the terms of the common high unemployment rate among the 15-24 years old and low-skilled workers (15% in Estonia and 19.6% in Latvia, Eurostat 2015) and share of long-term unemployment (45.3% in Estonia and 42.9% in Latvia, Eurostat 2015). Although the popularity of lifelong learning has increased over recent years, the levels of participation by both low-skilled, long-term unemployed and elderly people in the respective programmes still remain low.

A further challenge in the programme area is the share of limited information about cross-border employment and labour market integration opportunities along with the inadequate language skills that hamper work options and employment across the border. Available information is often rather difficult to access or to apply in practice. Job seekers do not have information available to them in their national languages about vacancies on the other side of the border, or about taxation or social security systems. At the same time there is lack of simple checklists regarding the recruitment of foreign workers and information on labour market regulations and rights, which generally discourage employers from hiring people from abroad. These are the key problems upon

which the programme focuses in the context of the better integration of labour markets and increasing the number of working commuters who cross the border, especially in immediate and less prosperous border areas.

The network of career counsellors in the labour market sector is co-ordinated by the Estonian Unemployment Insurance Fund and the Latvian State Employment Agency that, in Valga-Valka region, also to some extent help people who are looking for a job on the other side of the border. In addition, the network of the European Job Mobility Portal (EURES) counsellors is engaged in job mediation for the EU and the European Economic Area countries. However, employers and employees in the border areas need more precise information, preferably in national languages, better linked information and more interaction measures between Estonia and Latvia, and events that involve job seekers and employers from both sides of the border.

The issue of cross-border labour mobility, focusing on labour demand and supply is less developed in both countries. As commuting and mobility have become more important, several activities oriented towards developing the cross-border labour market have emerged both from public and private stakeholders (e.g. some focused training courses), but can nevertheless be further improved. The relevance, accessibility and applicability of the information made available are crucial and have to be user-friendly, easy to find and to apply. Through the cross-border cooperation potential, additional opportunities should become available for workforce skills' application and the promotion of economic activity. Community activities that encourage cooperation within the programme area and especially across the border are important for integrating the area and broadening the variety of work and entrepreneurial opportunities.

Challenges and opportunities related to the integration of labour markets:

- Improving working and living conditions in the programme area through a better integrated labour market, especially in those areas that are united historically and geographically, such as Valga-Valka twin town.
- Providing up-to-date, easily-accessible information and coordinated support on work and the learning environment across the border to facilitate better mobility for work and study, as well as improving the matching of supply to demand.
- Promoting and raising awareness about opportunities for and the impact of flexible working methods (including smart and distant work) for both employers and employees would allow it to be applied more efficiently.
- Enhancing cooperation between municipalities, state institutions, public organisations and private companies in order to develop the conditions for an integrated and attractive working and living environment.
- Implementing community-based initiatives and joint actions for activating and supporting people in the regions by helping them to find the motivation to live and work in the programme area instead of leaving their home country.

Business development

The domestic market in both countries within the programme area is rather small (with the exception of the Riga region), therefore broadening export opportunities and capacity remain highly important for economic development in the future. Within the programme area, the average number of enterprises per thousand inhabitants is above the EU28 average: 77 compared to forty enterprises, and about 90% of the enterprises in the

programme area are micro and small businesses, which provide approximately 55% of the jobs. Estonian and Latvian cooperation in expanding and operating in foreign markets could serve as a competitive advantage for small and medium-sized enterprises (SMEs) in the programme area in conditions of tight global competition.

A typical small enterprise in the programme area is a company of up to six persons with a management body that lacks the initiative or ambition for further development and growth. This is mainly the consequence of insufficient knowledge and skills. An analysis by the Estonian Development Agency shows that low level of ambition in the majority of businesses in Estonia is one of the bottlenecks in the business development process. Therefore, there is a clear need to develop a network of business support providers such as coaches, other entrepreneurs, business partners and investors to advise and train the SMEs in the field of managing and carrying out strategic planning.

The lack of strategic planning is reflected in the life cycle of SMEs when compared to those in the neighbouring countries. In Scandinavia, the main reason for closing down businesses is retirement, whereas in Estonia and Latvia the most common reason is low levels of profitability and the owner's low willingness to take the initiative to change the constant cycle of having to put in high levels of hard effort in order to survive. To overcome this tendency, entrepreneurs need to raise their awareness and knowledge about growing the value of their business, including carrying out the implementation of new business models and innovative ideas, and intensifying cooperation across the border, which is moderate at the moment.

The Estonian and Latvian business environment survey, which was carried out in the programme area by TNS Emor in 2012, shows that only 20% of the SMEs confirmed the fact that they were operating in cooperation with businesses in a neighbouring country. A total of 67% of Latvian companies and 74% of Estonian companies have never cooperated with their neighbours, and low profitability was mentioned as the main reason. The survey also highlights the strong need for information about business opportunities and contacts in neighbouring countries and a clear need to find ways to foster cooperation between the business support structures in Estonia and Latvia.

The opportunities and challenges for the Estonia-Latvia Programme area comprise coping with harmonising changes in the educational system and the employment market. This includes the challenge of widening the use of various work forms for the more efficient involvement of people in the labour market and facilitating cross-border workforce mobility. Therefore, both Estonia and Latvia focus on the creation of an innovation-friendly business environment, upgrading infrastructure, ensuring a skilled labour force and high levels of employment and also an inclusive society, as well as an environmentally-friendly and resource-efficient economy, all of which are interrelated. There is also a clear need to foster entrepreneurship in the programme area, starting with the introduction of business principles and an entrepreneurial spirit as early as the secondary level of education or to even younger pupils, which is something that is generally lacking at the moment. The twin town of Valga-Valka has the strong potential to develop a shared city centre with a joint business infrastructure. Such a development would support the mobility of people and attract business investments from both countries. The programme area is included in state-supported business development schemes. In Estonia, the Enterprise Estonia is responsible for various measures that are aimed at supporting businesses, while the Investment and Development Agency of Latvia coordinates the support measures for entrepreneurs in Latvia. There are also regional

business incubators that have been created for providing services both for start-ups and businesses that are already operating. But support organisations operate only on the national level and there is neither significant cooperation nor any information exchange between the Estonian and Latvian organisations.

The programme area could benefit from long-term cooperation between business support organisations. These institutions could obtain more information about the cross-border business environment in order to motivate people to start their own business and to help small businesses to seek out more opportunities through cooperation and raise their levels of competitiveness. In order to encourage entrepreneurs to develop according to their own capacity, it is necessary to make a distinction between two main target groups: (a) people planning to start a business and young enterprises that need to be introduced to the idea of cross-border cooperation; and (b) advanced businesses already planning to expand and cooperate internationally.

Challenges and opportunities related to business development:

- Increasing the overall entrepreneurial spirit in the programme area by encouraging and supporting business start-ups, development and cooperation, promoting entrepreneurship as a lifestyle and raising competence and capacity.
- Intensifying the cooperation between business support organisations in Estonia and Latvia in order to reduce gaps in information about the business environment in the neighbouring country, their support mechanisms and finding business contacts.
- Developing a joint business infrastructure in Valga-Valka twin town to grow into a shared city centre.
- Increasing the popularity of strategic planning and business cooperation among SMEs in order to improve their competitiveness, their interest in development and expansion and in extending their life cycle.
- Intensifying cooperation between public, private and education sectors to meet the future needs of the labour market.
- The joint development of services and products, which may lead to a more competitive business environment for exports and for attracting future investments.
- Promoting and facilitating the development of clusters; raising awareness and providing opportunities for SMEs for cooperation and joint marketing.
- Supporting the growth of small businesses with the help of cross-border cooperation and innovation activities.

Transport

During the current period the programme focuses on the improvement of marine traffic. The network of existing harbours does not provide a shelter harbour at a safe distance on the coasts of the programme area, as the distances between existing harbours on certain coastal axes are too long. This is hindering marine traffic from the Baltic Sea into and along the coasts of the Gulf of Riga. The development of small harbours along the coastline of the programme area is crucial in order to guarantee essential and qualitative services for visitors of the small harbours on the coasts of Estonia and Latvia.

There are forty ports and harbours along the marine coastline in the programme area (including islands), with ten in Latvia and thirty in Estonia. 26 of them are international,

with border-crossing and customs facilities. In addition to harbours that host yachts and larger vessels, there are numerous small fishing harbours in the area. On a national level, Estonia and Latvia consider the development of small harbours as being important for their potential of fostering growth in economic activities, employing local people and enhancing the development of other business activities (such as shipbuilding and repairs, and storage, transport, communications and tourism).

Despite the fact that the coastline in the programme area forms a joint sea basin, it is not acting as a unified part of the Baltic Sea. Maritime strategies are initiated separately and do not reflect cooperation between the two neighbouring countries. At the same time, the programme area has excellent preconditions for benefiting from maritime travel and developing tourism since the coastline and the islands carry a unique cultural and natural heritage, and it hosts two internationally-renowned historical seaside resorts in the form of Jūrmala (Latvia) and Pärnu (Estonia).

One of the main restrictions in developing maritime routes in the programme area is the poor technical conditions in the small harbours (in some harbours the public infrastructure has descended into a state of emergency). What is more, around the harbours the infrastructure is partly non-existent and basic services lack common standards, including standards that ensure environmentally-responsible operations such as, for instance, reception facilities for waste and wastewater. Special attention is paid to the development of these services, as intensified boat traffic in the Gulf of Riga area and western coast of Latvia cannot cause negative impact on marine ecosystems.

The ‘Conception of the Small Harbour Network 2014-2020’ in Estonia indicates that the uneven distances between harbours which have good levels of service cause gaps to appear along the coastline, especially between the coastal axes of Salacgrīva/Kuivīži to Pärnu, Roomassaare to Kuivastu, and Kihnu to Kuivastu. In addition, the coastline on the route between Ventspils to Roja on the Latvian side of the border is not covered by small harbours that have good quality services. Such a situation hampers sea travellers from planning balanced travel routes - the distances between the improved harbours should be short enough so that journeys between them should take no more than a day.

Development of small harbours’ network takes into account the outputs of the previous Estonia-Latvia programme that financed a coastal and maritime spatial planning project in 2012. The project was the first of its kind in the region and carried out pilot actions on the coasts and marine areas of the Gulf of Riga and western coast of Latvia. The topic of maritime and coastal spatial planning continues to be important both in Estonia and Latvia during the upcoming years, thus being a significant aspect in any harbour development plans in the region.

The scale of required improvement in small harbours, which might include strengthening of the coast, construction or reconstruction of piers, breakwaters, the deepening of harbour waters, fairway, creation or improvement of environmental services and combining different functions in the best possible way, such as by turning mono-functional harbours into multifunctional ones, creating additional services and establishing a coherent and joint harbour network.

Similar maritime issues are tackled by the Baltic Sea Region Programme and the Central Baltic Programme, where the focus lies on the central part of the Baltic Sea area and on the larger scope of cooperation, which also includes Finland, Sweden, Denmark, Norway, Poland, Russia and Germany. The Estonia-Latvia Programme focuses on a

geographically smaller area in order to be able to develop a visible change in the level of services offered, to harmonise the level of small ports in the area and to fill in gaps along the coastline in Estonia and Latvia. Both of these countries need to use the full potential of each other's natural, cultural and historical preconditions when it comes to developing a functional network of small harbours with a good infrastructure and good services that connect the western coast of Estonia, the western coast of Latvia and the Gulf of Riga into a unified maritime basin within the Baltic Sea.

Challenges and opportunities related to transport:

- The development of small harbours as an important factor for local economies and the essential precondition for tourism development in the programme area, providing benefits for small businesses, communities and visitors.

Environment

The programme area is characterised by a clean natural environment with high levels of bio-diversity, including large and partially deep forests and picturesque landscapes with numerous rivers, lakes, marshes and bogs on the mainland. It also embraces a large coastal area, mainly around the Gulf of Riga and numerous islands in the Baltic Sea in the western section of the programme area. Bilateral cooperation in the field of nature protection has been carried out for almost two decades with the most noticeable example being the North Livonian Transboundary Ramsar Site, which incorporates wetlands on both sides of the border that are of international importance. The programme area includes two large biosphere reserve areas (the North-Vidzeme and the West-Estonian Archipelago).

Common water resources are shared, mainly in two areas: the river basin of Gauja/Koiva which is situated directly on the Estonian-Latvian border (with a total area of 8,900km², of which 87.6% is on the Latvian side of the border) and the Gulf of Riga. In 2011 the Estonia-Latvia Programme co-financed a project for enhancing the management of shared surface and groundwater resources by developing a joint river basin management plan for the transboundary Gauja/Koiva river basin district. The experts of both countries worked on all key important components for the joint Gauja/Koiva river basin management plan in a transboundary context. The valuable experience gained in the project provides a strong basis for further areas of cooperation between the Estonian and Latvian institutions. In the Gulf of Riga area, the programme is striving to discover solutions that provide an effective response to ecological accidents and pollution risks.

Maritime spatial planning in the Gulf of Riga area has been practiced in a couple of projects involving Estonia and Latvia, with co-financing allocated by the Baltic Sea Region programme and the Estonia-Latvia Programme 2007-2013. Pilot maritime spatial plans have been developed for two areas: Pärnu Bay and the western coast of Latvia. The development of these pilot plans is in line with the principles and objectives of the Marine Strategy Framework Directive (2008/56/EC), which provides the input for the future process and potential structure of the national maritime spatial plan. The established levels of cooperation between the relevant Estonian and Latvian institutions and implemented initiatives can serve as a basis for further collaboration in strategic maritime planning for the gulf area as a whole. The potential for maritime economic development must be evaluated in coherence with vulnerability levels to any kind of pollution due to the shallow water body and limited water exchange. In this context, the

EU Strategy for the Baltic Sea Region is taken on board when relevant, while the application of the Strategy is further explained in Chapter 4.4.

The Estonia-Latvia Programme area is known for its unique cultural heritage, including its maritime heritage. It involves historic fishing villages along the shared coastline, the culture of the Livonians, who lived in north-west Latvia and south-west Estonia, the Suiiti Cultural Space (which has been placed on the UNESCO List of Intangible Cultural Heritage in Need of Urgent Safeguarding since 2009), the Kihnu Cultural Space on Kihnu Island (which since 2003 has been on the UNESCO list of Masterpieces of the Oral and Intangible Heritage of Humanity) and Seto Culture in south-eastern Estonia (which has been listed since 2009 as Intangible Cultural Heritage).

However, the regions and communities are still not making full use of the potential of existing natural and cultural resources and of the fact that the common cultural and natural space does not end with the borders of a county, region or member state. The sites are often situated remotely and lack the range of related information and services that could attract visitors, and the concepts that would link the existing sites into joint cross-border routes or packages. In addition to protecting and maintaining these areas, there is a need for an intelligent and wider use of tangible and intangible common heritage in order to strengthen the area's unique identity and to stimulate local communities so that they benefit from existing privileges and cooperate more intensively with similar communities on the other side of the border. The development of new and complex services for preserving and promoting natural, cultural and maritime heritage serves the communities in return. In addition to creating a positive impact on local economies, it raises the attractiveness of the living environment and serves to unite people within the programme area. In managing natural and cultural heritage, the sustainable use of NATURA 2000 and other protected areas is ensured. The previous Estonia-Latvia programme made steps towards unifying the cultural and natural heritage potential from both sides of the border in the frames of several projects. That laid a good basis for further development of this field and creation of strong and sustainable thematic networks.

The approaches to the daily use of natural resources are also an issue in the case of recycling and energy saving in households both in Estonia and Latvia. Recycling has increased during the last decade, but the total recycling rate of municipal solid waste (MSW) is still very low both in Latvia and Estonia. In Latvia, separated waste collection is not available to residents outside regional centres. In Estonia, recycling has increased from 5% of MSW generated in 2001 to 40% in 2012, while in Latvia the rise has been from 2% to 16% (Eurostat), but there is still room for further raising the share of recycled waste.

Large energy consumption for buildings, the considerable energy-intensity levels of the economy and increased demand for energy are major problems in both countries. The total energy consumption by households in the programme area exceeds the consumption of producers, and energy intensity in the economy is approximately twice as high as the EU average. Although more economic buildings and technologies are gradually being introduced, the unsustainable use of resources is often caused by the people's short-term decisions to accept bigger bills but not to make any investment into solutions, which could considerably cut their energy costs.

Estonia and Latvia have similar needs in the fields of recycling household waste and energy saving. There have been several national initiatives dealing with these topics, so

cross-border cooperation could extend from exchanging the experience cumulated from the activities already carried out on national level to jointly finding new ways for approaching these topics.

A separate survey in the programme area on awareness about sorting waste, re-use and energy saving was specifically carried out in summer 2014. The results indicated that 67% of households were sorting waste. 55% of respondents re-use occasionally and only 18% re-use regularly. When it comes to energy saving, 41% indicated their awareness as high, 50% showed low interest in it and 9% did not know anything about the topic. In the past four years, the level of awareness about sorting waste, re-use and energy saving has been considerably raised amongst 27% of respondents, while 48% said it had raised a little and 26% did not see any difference.

Although overall awareness has risen gradually over the past ten years, the environmental strategies of both countries still indicate insufficient public awareness of environmental issues. A lack of knowledge about managing households efficiently and in an environmentally-friendly way is one of the main reasons for outdated patterns of behaviour.

Both countries are of the same opinion when it comes to promoting environmentally-friendly and attractive living conditions. Ecological footprint accounts for households may be introduced for the distribution of a sustainable lifestyle. Such accounts would improve the awareness of households when it comes to the impact of individual consumption by households on the planet's natural capital.

Environmental education continues to be a significant promoter of a sustainable lifestyle, educating pupils and their parents about the necessity of and options available for changing their everyday behaviour, saving money, as also to promote participation in activities that involve a sustainable lifestyle. Small-scale investments that support and promote the practical benefits of energy saving could supplement awareness-raising activities.

Central urban area of Valga-Valka twin town

After regaining of independence in Estonia and Latvia, Valga and Valka were physically separated by the state border between 1991 and 2007 with a border zone in the middle of two towns. As a result, both Valga and Valka developed as two independent towns with no integrated infrastructure or joint town planning initiatives. Despite the removal of the border-crossing points and opening of the streets between Valga and Valka in 2007 after joining the Schengen Agreement, the integration of the townscape is still limited. The most significant example of integration so far was construction and joining the recreation areas in Valka and Valga, which are located along the banks of the Pedeli River that crosses the border in the centre of Valga and Valka. This initiative was co-financed by the Estonia-Latvia Programme 2007-2013. The same programme supported also renovation of the railway station in Valga that is used by inhabitants of both towns, as there is no railway station in Valka and improvement of studying conditions in Valka art school, which has a number of students and teachers from Estonia, as there is no art school in Valga. However, to large extent both towns continue to operate separately, which is reflected also in the responses of the result indicator baseline value survey carried out in Valga and Valka in autumn 2015.

In order to raise the quality and intensity of cooperation to a new level and support a positive shift in people’s minds regarding integrity of these two towns, the current programme aims at creating a joint town centre of Valga and Valka. At the moment the geographical centre of the twin town laying on the state border continues to be a wasteland and backyard of both towns, physically separating the towns not linking them. However, improvement of the area partly laying on territories of both countries has a real potential to revitalise the towns and pave the way for strong integration of Valga and Valka. It would create new options for crossing the border, activate small businesses of the area, bring new inhabitants to the currently deserted buildings, create a location for joint public events on the border and extend the public green area to the banks of the Konnaoja/Varžupīte stream. The fact that the area includes the Konnaoja/Varžupīte stream flowing along the border and is not geomorphologically flat, but includes stream banks of different heights, makes the area attractive for a creative, sustainable, attractive and environmentally friendly architectural solution of the landscaping of the public green area. This attractiveness is even more underlined by area’s location both on the border of Estonia and Latvia and in the centre of the twin town at the same time.

Challenges and opportunities related to the environment:

- Relatively low levels of awareness about the long-term benefits of recycling, energy saving and environmentally-responsible behaviour, which results in a careless attitude and a waste of resources in daily life.
- A lack of joint systems for managing common water resources in the sea area. Underused potential for benefiting from joint maritime planning.
- Advanced cooperation in terms of preserving and developing the existing natural and cultural resources for the diversified use of sites, making them visible for visitors and creating more benefits for local communities.
- Investing both in tangible and intangible cultural heritage when it comes to integrating the programme area, increasing its attractiveness for visitors and improving the quality of the living environment.
- Providing systematic theoretical and practical knowledge about sustainable ways of living in order to change people’s behaviour, including examples of using innovative technologies and the exchange of good practice.
- Improving, linking and revitalising cross-border urban space on the border of Estonia and Latvia in the middle of Valga-Valka twin town.

[1] The list of reference documents is provided in Annex 2 of the programme document.

1.1.2 Justification for the choice of thematic objectives and corresponding investment priorities, having regard to the Common Strategic Framework, based on an analysis of the needs within the programme area as a whole and the strategy chosen in response to such needs, addressing, where appropriate, missing links in cross-border infrastructure, taking into account the results of the ex-ante evaluation

Table 1: Justification for the selection of thematic objectives and investment priorities

Selected thematic objective	Selected investment priority	Justification for selection
-----------------------------	------------------------------	-----------------------------

Selected thematic objective	Selected investment priority	Justification for selection
<p>03 - Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)</p>	<p>3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators</p>	<ul style="list-style-type: none"> • Programme area includes regions with long-term unemployment and low levels of business activity; the need to support and encourage entrepreneurial thinking and activities to ensure a long-term impact on business growth. • The existing SMEs in the area are short-term orientated and need support in strategic planning and extending their capacity, including in relation to turning environmental challenges into business opportunities. • Cross-border cooperation has the potential to accelerate the innovation capacity of existing companies through networks and incubators. • Programme area lacks cooperation between Estonian and Latvian business support organisations and adequate and easily-accessed information about the business environment in the neighbouring market. • Supports the Europe 2020 objective ‘Smart Growth’, EUSBSR strategic objective ‘Increase Prosperity’, Latvia 2030 strategic objective ‘Long-term Investments in Human Capital’, Sustainable Estonia 21 strategic goal ‘The Growth of Welfare’.
<p>03 - Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)</p>	<p>3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes</p>	<ul style="list-style-type: none"> • Programme area includes regions with long-term unemployment and low levels of business activity; the need to support and encourage entrepreneurial thinking and activities to ensure a long-term impact on business growth. • The existing SMEs in the area are short-term orientated and need support in strategic planning and extending their capacity, including in relation to turning environmental

Selected thematic objective	Selected investment priority	Justification for selection
		<p>challenges into business opportunities.</p> <ul style="list-style-type: none"> • Cross-border cooperation has the potential to accelerate the innovation capacity of existing companies through networks and incubators. • Programme area lacks cooperation between Estonian and Latvian business support organisations and adequate and easily-accessed information about the business environment in the neighbouring market. • Supports the Europe 2020 objective ‘Smart Growth’, EUSBSR strategic objective ‘Increase Prosperity’, Latvia 2030 strategic objective ‘Long-term Investments in Human Capital’, Sustainable Estonia 21 strategic goal ‘The Growth of Welfare’.
06 - Preserving and protecting the environment and promoting resource efficiency	6c - Conserving, protecting, promoting and developing natural and cultural heritage	<ul style="list-style-type: none"> • Need for intelligent use of local products and services, in developing and managing natural and cultural heritage. • CBC improves visiting and living environment. Need for better use of responsible (incl. low carbon) tourism, recreation potential, and transition to future generations. • Lack of well-managed waste and recycling systems; need to support efficient use of resources, to increase awareness and change behaviour about energy saving, sorting waste, re-use. • Need for cooperation in managing common water resources, incl. activities aimed at improving resilience and adapting to climate change. • Low public awareness of environmentally-friendly behaviour and advantages of sustainable lifestyle.

Selected thematic objective	Selected investment priority	Justification for selection
		<ul style="list-style-type: none"> • Supports strategic objectives of EU 2020: ‘Sustainable Growth’; Latvia 2030: ‘The Development of Culture Space’, ‘An Innovative and Eco-efficient Economy’, ‘Nature as Future Capital’; Sustainable Estonia 21: ‘The Viability of the Estonian Cultural Space’ and ‘Ecological Balance’; contributes to EUSBSR.
06 - Preserving and protecting the environment and promoting resource efficiency	6e - Taking action to improve the urban environment, to revitalise cities, regenerate and decontaminate brownfield sites (including conversion areas), reduce air pollution and promote noise-reduction measures	<ul style="list-style-type: none"> • A need to improve the only cross-border joint urban area on the border of Estonia and Latvia in the centre of Valga and Valka, which converts (e.g. establishes joint public meeting places, community and entrepreneurial interaction areas) the deserted urban areas in the middle of Valga and Valka into an integrated townscape. • A need to revitalise Valga and Valka by creation of a new, multifunctional and environmentally friendly joint town centre of both towns.
06 - Preserving and protecting the environment and promoting resource efficiency	6f - Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution	<ul style="list-style-type: none"> • Need for intelligent use of local products and services, in developing and managing natural and cultural heritage. • CBC improves visiting and living environment. Need for better use of responsible (incl. low carbon) tourism, recreation potential, and transition to future generations. • Lack of well-managed waste and recycling systems; need to support efficient use of resources, to increase awareness and change behaviour about energy saving, sorting waste, re-use. • Need for cooperation in managing common water resources, incl. activities aimed at improving resilience and adapting to climate change.

Selected thematic objective	Selected investment priority	Justification for selection
		<ul style="list-style-type: none"> • Low public awareness of environmentally-friendly behaviour and advantages of sustainable lifestyle. • Supports strategic objectives of EU 2020: ‘Sustainable Growth’; Latvia 2030: ‘The Development of Culture Space’, ‘An Innovative and Eco-efficient Economy’, ‘Nature as Future Capital’; Sustainable Estonia 21: ‘The Viability of the Estonian Cultural Space’ and ‘Ecological Balance’; contributes to EUSBSR.
07 - Promoting sustainable transport and removing bottlenecks in key network infrastructures	7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility	<ul style="list-style-type: none"> • Unused potential and capacity in small harbours; a need for developing and improving harbour services and infrastructure in order to stimulate economic growth and tourism development in the regions. • The Gulf of Riga does not act as a unified aquatorium, and lack of cross-border cooperation diminishes the opportunities that are available for environmental and economic growth in the programme area. • Supports the Europe 2020 strategic objective, ‘Sustainable Growth’. • Supports the EUSBSR strategic objective, ‘Connect the Region’. • Supports the Latvia 2030 strategic objective, ‘Spatial Development Perspective’. • Supports the Sustainable Estonia 21 strategic goal, ‘The Growth of Welfare’.
08 - Promoting sustainable and quality employment and supporting labour mobility	8e - Integrating cross-border labour markets, including cross-border mobility, joint local employment initiatives, information and advisory services and joint training (ETC-CB)	<ul style="list-style-type: none"> • Programme area has a high rate of long-term unemployment. • Lack of sufficient information and a support system for cross-border employment services and labour mobility. • Need to decrease the mismatch between professional skills and

Selected thematic objective	Selected investment priority	Justification for selection
		<p>labour market needs that support the national development plans in both countries.</p> <ul style="list-style-type: none"> • Need to equip people with skills necessary for accessing and creating jobs. • Training and support activities are needed to motivate people who are seeking work across the border. • Need to support local communities in creating socially and physically attractive working and living environment for all generations. • Need to integrate the labour market within the programme area to expand the opportunities for the working-age population. • Supports the EU 2020 strategic objective ‘Inclusive Growth’, EUSBSR strategic objective ‘Increase Prosperity’, Latvia 2030 strategic objective ‘Long-Term Investments in Human Capital’, Sustainable Estonia 21 strategic goal ‘A Coherent Society’.

1.2 Justification for the financial allocation

Justification for the financial allocation (i.e. Union support) to each thematic objective and, where appropriate, investment priority, in accordance with the thematic concentration requirements, taking into account the ex-ante evaluation.

The Estonia-Latvia Programme has chosen the following four thematic objectives (TO), based on the region’s characteristics and the identified needs that may be solved with cross-border cooperation:

- enhancing the competitiveness of SMEs (TO3);
- preserving and protecting the environment and promoting resource efficiency (TO6);
- promoting sustainable transport and removing bottlenecks in key network infrastructures (TO7);

- promoting sustainable and quality employment and supporting labour mobility (TO8).

The programme is financed by the European Regional Development Fund (ERDF). The total ERDF support for the programme totals 38,020,684 EUR, 7% of which (2,661,447 EUR) is allocated to the Technical Assistance (hereafter referred to as ‘the TA’). The European Neighbourhood Instrument (ENI) and the Instrument for Pre-Accession Assistance (IPA) are not applicable for this programme.

The financial allocation between thematic objectives (priorities) is planned so as to achieve effective results with the resources that are available. The main arguments behind the financial commitment for each priority include results that are expected to be achieved, planned types of actions for each priority and types of investments to be made. In addition, the performance of and experience gained from the Estonia-Latvia Programme 2007-2013 is taken into consideration, in particular activity of the potential target group and the related absorption capacity.

29.90% of the total Union support is allocated to Priority 1, for which two specific objectives have been defined and should be achieved. Since economic growth and developing entrepreneurship while also supporting employment are top priorities for both Member States, the programme reserves the largest share of resources in order to support actions that are targeted towards achieving the expected results (an increased number of entrepreneurs and new businesses in the region, which are ready for cross-border cooperation; more jointly-developed products and services, including the sustainability and competitiveness of SMEs when turning environmental challenges into business opportunities). The programme emphasises the role of business support organisations in order to engage the target groups. No investments into infrastructure are foreseen under the specific objective 1.1.

A total of 35.89% 2, for which three specific objectives have been defined and should be achieved. Amongst other actions, the programme supports revitalisation of the central urban area in Valga-Valka twin town, small-scale investment when it comes to promoting environmental technologies and creating the preconditions for sustainable and low carbon resource management and also for preserving and promoting common cultural and natural heritage.

A total of 24.55% 3, for which one specific objective has been defined and is targeted at improving conditions and services for small harbours, which is a crucial pre-condition for establishing well-functioning sea routes that connect together coastal areas and activate maritime traffic, especially within and around the Gulf of Riga. The programme may provide support in the frame of the direct award procedure to a pre-defined project(s)[1] under this priority.

A total of 2.66% of the Union support is allocated to Priority 4, for which one specific objective has been defined and should be achieved. The actions foreseen in this priority are complex and diversified in order to be able to achieve the expected end result (an integrated labour market and more work commuters across the border).

The ex-ante report (see the Annex to this document, ‘The Estonia-Latvia Programme 2014-2020 Ex-ante Evaluation Report’ (3 June 2014) states that financial allocations between the priorities are reasonable and logical, and the form of support is suitable for the types of beneficiaries outlined and the programme’s specific objectives.

[1] Pre-defined project – projects in the frame of the direct award procedure, whose peculiarities (e.g. objectives, beneficiaries, results, activities etc.) are set together with the Member States in order to achieve specific and strategic objectives in the programme area and must be included under the relevant thematic objective.

Table 2: Overview of the investment strategy of the cooperation programme

Priority axis	ERDF support (€)	Proportion (%) of the total Union support for the cooperation programme (by Fund)			Thematic objective / Investment priority / Specific objective	Result indicators corresponding to the specific indicator
		ERDF	ENI (where applicable)	IPA (where applicable)		
1	11,368,185.00	29.90%	0.00%	0.00%	<ul style="list-style-type: none"> ▼ 03 - Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF) <ul style="list-style-type: none"> ▼ 3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators <ul style="list-style-type: none"> ▼ 1.1 - Increased entrepreneurial cross-border cooperation in the programme area ▼ 3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes <ul style="list-style-type: none"> ▼ 1.2 - More jointly-developed products and services in the programme area 	[S01, S02]
2	13,645,790.00	35.89%	0.00%	0.00%	<ul style="list-style-type: none"> ▼ 06 - Preserving and protecting the environment and promoting resource efficiency <ul style="list-style-type: none"> ▼ 6c - Conserving, protecting, promoting and developing natural and cultural heritage <ul style="list-style-type: none"> ▼ 2.1 - More diversified and sustainable use of natural and cultural heritage ▼ 6e - Taking action to improve the urban environment, to revitalise cities, regenerate and decontaminate brownfield sites (including conversion areas), reduce air pollution and promote noise-reduction measures <ul style="list-style-type: none"> ▼ 2.3 - More integrated Valga-Valka central urban area ▼ 6f - Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution <ul style="list-style-type: none"> ▼ 2.2 - Increased awareness of energy saving, sorting waste and re-use, and the more efficient management of common water resources 	[S03, S04, S05, S08]
3	9,334,080.00	24.55%	0.00%	0.00%	<ul style="list-style-type: none"> ▼ 07 - Promoting sustainable transport and removing bottlenecks in key network infrastructures <ul style="list-style-type: none"> ▼ 7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility <ul style="list-style-type: none"> ▼ 3.1 - An improved network of small harbours with good levels of service 	[S06]

Priority axis	ERDF support (€)	Proportion (%) of the total Union support for the cooperation programme (by Fund)			Thematic objective / Investment priority / Specific objective	Result indicators corresponding to the specific indicator
		ERDF	ENI (where applicable)	IPA (where applicable)		
4	1,011,182.00	2.66%	0.00%	0.00%	▼ 08 - Promoting sustainable and quality employment and supporting labour mobility ▼ 8e - Integrating cross-border labour markets, including cross-border mobility, joint local employment initiatives, information and advisory services and joint training (ETC-CB) ▼ 4.1 - Improved conditions for accessing jobs across the border	[S07]
5	2,661,447.00	7.00%	0.00%	0.00%	5 - Ensure the implementation of the programme according to the targets that have been set in the programme document	[00]

2. PRIORITY AXES

2.A DESCRIPTION OF THE PRIORITY AXES OTHER THAN TECHNICAL ASSISTANCE

2.A.1 Priority axis

ID of the priority axis	1
Title of the priority axis	ACTIVE AND ATTRACTIVE BUSINESS ENVIRONMENT

- The entire priority axis will be implemented solely through financial instruments
- The entire priority axis will be implemented solely through financial instruments set up at Union level
- The entire priority axis will be implemented through community-led local development

2.A.2 Justification for the establishment of a priority axis covering more than one thematic objective (where applicable)

2.A.3 Fund and calculation basis for Union support

Fund	Calculation basis (total eligible expenditure or eligible public expenditure)
ERDF	Total

2.A.4 Investment priority

ID of the investment priority	3a
Title of the investment priority	Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators

2.A.5 Specific objectives corresponding to the investment priority and expected results

ID of the specific objective	1.1
Title of the specific objective	Increased entrepreneurial cross-border cooperation in the programme area
Results that the Member States seek to achieve with Union support	<p>This specific objective is targeted primarily at supporting the business environment via supportive actions, which encourage people to become self-sustainable and to create new start-ups, new ideas and new initiatives that support preparedness to cooperate across the border. The programme area needs to intensify cooperation between the Estonian and Latvian business support organisations to overcome the lack of adequate and easily-accessed information about the business environment in the neighbouring market. Cooperation between business support organisations is considered as an important trigger for engaging the target groups. Such cooperation development is especially encouraged in Valga-Valka twin town. As a result, the Member States expect to see an increased number of new companies and self-employed people who are ready to cooperate across the border. It means that new companies (these been younger than three years old) in the programme area have established cooperation ties in areas that are relevant for their business development.</p> <p>Expected result: An increased number of entrepreneurs and new businesses in the region, which are ready for cross-border cooperation.</p>

Table 3: Programme-specific result indicators (by specific objective)

Specific objective		1.1 - Increased entrepreneurial cross-border cooperation in the programme area					
ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
S01	The share of entrepreneurs and new businesses in the region, which are ready for cross-border cooperation	%	53.00	2014	59.00	Survey and information from business experts	Assessment at the beginning (2014), in the middle (2018, 2020), at the end of the programme (2023)

2.A.6 Actions to be supported under the investment priority (by investment priority)

2.A.6.1 A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

Investment priority	3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators
<p>SPECIFIC OBJECTIVE 1.1: Increased entrepreneurial cross-border cooperation in the programme area</p> <p>The specific objective is targeted primarily at supporting business activity, which encourages people to become self-sustainable and which develops their entrepreneurial skills. Creating new start-ups and introducing new ideas and new initiatives are supported together with preparedness for cross-border business cooperation.</p> <p>Indicative list of actions supported</p> <ul style="list-style-type: none">• Activities and supporting systems that facilitate cooperation and information exchange between entrepreneurs in Estonia and Latvia, including training, workshops, mentoring, coaching, and consultations.• Activities that support businesses in international networking such as, for example joint fairs, contact events, information tools, etc.• Activities that promote entrepreneurial spirit and facilitate the establishment of new businesses, which are interested in cross-border cooperation. <p>Main target groups</p> <p>SMEs, self-employed people, business specialists in the public and private sectors, advisors, professional organisations; plus persons with an interest in the economy and in business.</p> <p>Types of beneficiaries</p> <p>SMEs, local and regional authorities, state authorities, non-governmental organisations and public equivalent bodies (a definition is provided in the programme manual).</p>	

Investment priority	3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators

2.A.6.2 Guiding principles for the selection of operations

Investment priority	3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators
General guiding principles are described under section 5.3.	

2.A.6.3 Planned use of financial instruments (where appropriate)

Investment priority	3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators

2.A.6.4 Planned use of major projects (where appropriate)

Investment priority	3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators

2.A.6.5 Output indicators (by investment priority)

Table 4: Common and programme-specific output indicators

Investment priority		3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators			
ID	Indicator	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
CO01	Productive investment: Number of enterprises receiving support	Enterprises	125.00	Project reports	Annual
CO04	Productive investment: Number of enterprises receiving non-financial support	Enterprises	125.00	Project reports	Annual
O01	Participants at project events, except management meetings	Number	500.00	Project reports	Annual
O02	Jointly organised events, except management meetings	Number	30.00	Project reports	Annual

2.A.4 Investment priority

ID of the investment priority	3d
Title of the investment priority	Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes

2.A.5 Specific objectives corresponding to the investment priority and expected results

ID of the specific objective	1.2
Title of the specific objective	More jointly-developed products and services in the programme area
Results that the Member States seek to achieve with Union support	This specific objective is targeted primarily at supporting existing businesses in joint product and service development. It also involves activities for competence building, supporting innovation processes, joint marketing and joint management training, including the sustainability and competitiveness of SMEs when turning environmental challenges into business opportunities. As a result, the Member States expect to see an increased number of enterprises participating in the activities of cross-border business networks and an increased number of enterprises introducing jointly-developed products and services or process

ID of the specific objective	1.2
Title of the specific objective	More jointly-developed products and services in the programme area
	<p>improvements. With the help of knowledge sharing and joint actions, more products and services are developed in cooperation for local markets and for potential promotion in third party markets. The programme area comprises an attractive business environment due to sound knowledge about the neighbouring market and its business support systems. Such cooperation development is especially encouraged in Valga-Valka twin town.</p> <p>Expected result: An increased number of joint product and service development.</p>

Table 3: Programme-specific result indicators (by specific objective)

Specific objective		1.2 - More jointly-developed products and services in the programme area					
ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
S02	The share of entrepreneurs carrying out joint product or service development	%	14.00	2014	19.00	Survey and information from business experts	Assessment at the beginning (2014), in the middle (2018, 2020), at the end of the programme (2023).

2.A.6 Actions to be supported under the investment priority (by investment priority)

2.A.6.1 A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

Investment priority	3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes
----------------------------	---

Investment priority	3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes
<p>SPECIFIC OBJECTIVE 1.2: More jointly-developed products and services in the programme area</p> <p>The specific objective is targeted primarily at supporting existing businesses, which have plans for expanding their capacity in innovation processes and leading joint product and service development, including the sustainability and competitiveness of SMEs, when turning environmental challenges into business opportunities. It is also designed for coordinating activities for competence building, joint marketing and trade process to third party markets. Activities that facilitate better knowledge about the neighbouring market, and which improve business contacts and idea sharing are planned to fall under this specific objective.</p> <p>Indicative list of actions supported</p> <ul style="list-style-type: none"> • Carrying out systematic and long-term development activities for enterprises, including joint product and service development, joint marketing activities, capacity building initiatives, consulting, training, etc. • Enhancing cooperation between entrepreneurs, research and educational institutions and public support structures; supporting innovation processes. <p>Main target groups</p> <p>SMEs, self-employed people with a clear interest in expanding their business or with experience of international cooperation. Technology parks, development centres, research centres, industrial parks, agricultural parks and business clusters. Businesses with the intention of creating further product and/or service development.</p> <p>Types of beneficiaries</p> <p>SMEs, public equivalent bodies (a definition is provided in the programme manual), local and regional authorities, state authorities and non-governmental organisations.</p>	

2.A.6.2 Guiding principles for the selection of operations

Investment priority	3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes
----------------------------	---

Investment priority	3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes
General guiding principles are described under section 5.3.	

2.A.6.3 Planned use of financial instruments (where appropriate)

Investment priority	3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes

2.A.6.4 Planned use of major projects (where appropriate)

Investment priority	3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes

2.A.6.5 Output indicators (by investment priority)

Table 4: Common and programme-specific output indicators

Investment priority	3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes				
ID	Indicator	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
CO01	Productive investment: Number of enterprises receiving support	Enterprises	105.00	Project reports	Annual
CO02	Productive investment: Number of enterprises receiving grants	Enterprises	25.00	Project reports	Annual

Investment priority		3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes			
ID	Indicator	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
CO04	Productive investment: Number of enterprises receiving non-financial support	Enterprises	80.00	Project reports	Annual
CO08	Productive investment: Employment increase in supported enterprises	Full time equivalents	60.00	Project reports	Annual
O03	Joint products and services developed in cooperation	Number	12.00	Project reports	Annual
O04	Joint marketing activities	Number	12.00	Project reports	Annual

2.A.7 Performance framework

Table 5: Performance framework of the priority axis

Priority axis		1 - ACTIVE AND ATTRACTIVE BUSINESS ENVIRONMENT					
ID	Indicator type	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	Source of data	Explanation of relevance of indicator, where appropriate
03	I	Approved projects	Number	10		Signed Subsidy Contracts	
F01	F	Expenditure, priority axis 1	€	2,514,380.00	13,374,340.00	Project reports, information about certifications	

Priority axis		1 - ACTIVE AND ATTRACTIVE BUSINESS ENVIRONMENT					
ID	Indicator type	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	Source of data	Explanation of relevance of indicator, where appropriate
O03	O	Joint products and services developed in cooperation	Number	0	12.00	Project reports	Possible average project size under SO 1.2: 0.8 MEUR. Assuming twelve projects under SO 1.2, each involving at least two enterprises that are carrying out joint product or service development
O04	O	Joint marketing activities	Number	0	12.00	Project reports	Assuming twelve projects under SO 1.2 in which joint marketing activities are carried out together with joint product and service development or which focus only on joint marketing activities.

Additional qualitative information on the establishment of the performance framework

The achievement of the milestones for each priority axis is evaluated by the Commission in 2019 based on the annual implementation report for the year 2018.

Justifications for the calculations

The average budget sizes are calculated by basing them on similar projects in the 2007-2013 programme and on the unit costs of output indicators. Additionally, the calculations for unit costs are, in the first place, based on expenditure from similar projects in the Estonia-Latvia Programme 2007-2013. When it comes to calculating unit costs for indicators in Priority 1, those entrepreneurship development projects that have been supported by the Enterprise Estonia during the period 2007-2013 have also been taken into account.

The milestone values for output indicators for the year 2018 are calculated based on the assumption that the first projects start their activities in autumn 2016. The maximum duration of the projects is 3 years and based on the consultations it can be assumed that majority of the projects will be approximately 3 years long. Thus only very few projects might be fully implemented by the end of 2018 and there is "0" as a milestone value for all the output indicators. Key implementation steps are used instead to forecast the progress of the programme and each priority by the end of the year 2018.

The example of the 2007-2013 programme has been used for setting milestone values for financial indicators for 2018. Approximately 25% of expenditure had been certified by the end of 2011 in the Estonia-Latvia Programme 2007-2013, but in order to set realistic and achievable targets in the context of a more focused programme and taking into account that the first call for proposals are initiated during the 4th quarter of 2015 or 1st quarter of 2016, the milestone values are set at 18.8% of the final target value. These levels are in line with Table 15 from Section 3 Financing Plan.

2.A.8 Categories of intervention

Categories of intervention corresponding to the content of the priority axis, based on a nomenclature adopted by the Commission, and indicative breakdown of Union support

Tables 6-9: Categories of intervention

Table 6: Dimension 1 Intervention field

Priority axis	1 - ACTIVE AND ATTRACTIVE BUSINESS ENVIRONMENT	
	Code	Amount (€)
	063. Cluster support and business networks primarily benefiting SMEs	3,789,395.00
	067. SME business development, support to entrepreneurship and incubation (including support to spin offs and spin outs)	3,789,395.00
	104. Self-employment, entrepreneurship and business creation including innovative micro, small and medium sized enterprises	3,789,395.00

Table 7: Dimension 2 Form of finance

Priority axis	1 - ACTIVE AND ATTRACTIVE BUSINESS ENVIRONMENT	
	Code	Amount (€)
01. Non-repayable grant		11,368,185.00

Table 8: Dimension 3 Territory type

Priority axis	1 - ACTIVE AND ATTRACTIVE BUSINESS ENVIRONMENT	
	Code	Amount (€)
01. Large Urban areas (densely populated >50 000 population)		2,842,046.00
02. Small Urban areas (intermediate density >5 000 population)		6,820,911.00
03. Rural areas (thinly populated)		1,705,228.00

Table 9: Dimension 6 Territorial delivery mechanisms

Priority axis	1 - ACTIVE AND ATTRACTIVE BUSINESS ENVIRONMENT	
	Code	Amount (€)
07. Not applicable		11,368,185.00

2.A.9 A summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries and, where necessary, actions to enhance the administrative capacity of relevant partners to participate in the implementation of programmes (where appropriate)

Priority axis:	1 - ACTIVE AND ATTRACTIVE BUSINESS ENVIRONMENT
Please see chapters 2.B and 5.3 for further information.	

2.A.1 Priority axis

ID of the priority axis	2
Title of the priority axis	CLEAN AND VALUED LIVING ENVIRONMENT

- The entire priority axis will be implemented solely through financial instruments
- The entire priority axis will be implemented solely through financial instruments set up at Union level
- The entire priority axis will be implemented through community-led local development

2.A.2 Justification for the establishment of a priority axis covering more than one thematic objective (where applicable)

2.A.3 Fund and calculation basis for Union support

Fund	Calculation basis (total eligible expenditure or eligible public expenditure)
ERDF	Total

2.A.4 Investment priority

ID of the investment priority	6c
Title of the investment priority	Conserving, protecting, promoting and developing natural and cultural heritage

2.A.5 Specific objectives corresponding to the investment priority and expected results

ID of the specific objective	2.1
Title of the specific objective	More diversified and sustainable use of natural and cultural heritage
Results that the Member States seek to achieve with Union support	<p>This specific objective aims at promoting values and supporting the intelligent use of natural resources and tangible and intangible cultural heritage, including their potential for tourism and recreational activities. The balance between preserving and developing existing heritage, including maritime heritage, is a key component in creating advanced services and activities, which help to increase their visibility for visitors and raise the common identity and value of local communities.</p> <p>As a result, improved sites, services and diversified activities that are related to natural or cultural heritage increase the visibility of regions and facilitate the better use of local resources for the benefit of communities. The experience in preserving common heritage and its intelligent application and promotion, grows stronger under cross-border cooperation, allowing the legacy of Estonian and Latvian shared history to be sustained, including the shared nature, coastline and culture.</p> <p>Expected result: Cultural and natural heritage is preserved and adapted in order to attract visitors and benefit local communities.</p>

Table 3: Programme-specific result indicators (by specific objective)

Specific objective		2.1 - More diversified and sustainable use of natural and cultural heritage					
ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
S03	The number of visitors at cultural and natural heritage sites	Number of visitors	3,103,576.00	2014	3,786,000.00	A survey and information from tourism experts	Assessment at the beginning (2014), in the middle (2018, 2020), at the end of the programme (2023).

2.A.6 Actions to be supported under the investment priority (by investment priority)

2.A.6.1 A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

Investment priority	6c - Conserving, protecting, promoting and developing natural and cultural heritage
SPECIFIC OBJECTIVE 2.1: More diversified and sustainable use of natural and cultural heritage	
<p>The specific objective aims at using and managing the plentiful natural and cultural heritage of the programme area in an intelligent, planned and controlled way without damaging heritage sites. The implementation of solutions that improve resilience to climate change is seen as being added value for improved natural and cultural heritage sites. The surrounding communities are encouraged to develop more direct and indirect products and services in connection either with the sites or with common heritage, and to benefit from this. Any action for joint promotion and the preservation of common heritage, networking, knowledge exchange and cooperation in management areas are seen as being in line with the expected results.</p>	
Indicative list of actions supported	
<ul style="list-style-type: none">• Jointly developing sustainable and environmentally-friendly tourism products and services based on diverse natural and cultural heritage of the programme area, e.g. tourism routes, joint offers, joint brands, etc. Usually these tourism products include either thematically or regionally linked objects or attractions and related services.• The improvement of sites that are of natural or cultural heritage, which are integral components of joint tourism products or services.• Marketing of the created products and services, different types of marketing events and activities are encouraged: media advertising, participation in fairs, visits etc.	
Main target groups	
Public organisations, professional organisations, tourism organisations, local communities, municipalities, SMEs, regional development organisations, non-governmental organisations, tourists, etc.	
Types of beneficiaries	
Local and regional authorities, state authorities, non-governmental organisations, private enterprises and public equivalent bodies (a definition is provided	

Investment priority	6c - Conserving, protecting, promoting and developing natural and cultural heritage
in the programme manual).	

2.A.6.2 Guiding principles for the selection of operations

Investment priority	6c - Conserving, protecting, promoting and developing natural and cultural heritage
Projects under priority axis 2 must clearly demonstrate a direct positive and integrative impact on the sustainable development of its region.	

2.A.6.3 Planned use of financial instruments (where appropriate)

Investment priority	6c - Conserving, protecting, promoting and developing natural and cultural heritage

2.A.6.4 Planned use of major projects (where appropriate)

Investment priority	6c - Conserving, protecting, promoting and developing natural and cultural heritage

2.A.6.5 Output indicators (by investment priority)

Table 4: Common and programme-specific output indicators

Investment priority		6c - Conserving, protecting, promoting and developing natural and cultural heritage			
ID	Indicator	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
O06	Improved natural or cultural heritage sites	Number	35.00	Project reports	Annual
O07	(Sets of) products or services that are created based on cultural or natural heritage	Number	7.00	Project reports	Annual
O08	Cross-border networks that are established or which are strengthened in order to manage and promote the sites	Number	7.00	Project reports	Annual

2.A.4 Investment priority

ID of the investment priority	6c
Title of the investment priority	Taking action to improve the urban environment, to revitalise cities, regenerate and decontaminate brownfield sites (including conversion areas), reduce air pollution and promote noise-reduction measures

2.A.5 Specific objectives corresponding to the investment priority and expected results

ID of the specific objective	2.3
Title of the specific objective	More integrated Valga-Valka central urban area
Results that the Member States seek to achieve with Union support	This specific objective aims at supporting the revitalisation of the cross-border joint urban area on the border of Estonia and Latvia in the centre of Valga-Valka twin town. Valga-Valka is the only place, which is suitable for creating a cross-border urban area, and therefore the only place where such project(s) can be implemented. It turns the currently neglected wasteland around the previous border zone into a lively and attractive urban space that makes maximum use of the unique area with interesting environmental features (stream running along the border, different altitudes). These improvements should have a direct impact on improving interaction between communities and integrating the twin town, which has been developed as two

ID of the specific objective	2.3
Title of the specific objective	More integrated Valga-Valka central urban area
	<p>separate entities so far.</p> <p>Expected result: The establishment of a joint cross-border urban area in the centre of Valga-Valka twin town that strengthens integration and encourages further joint planning of Valga and Valka.</p>

Table 3: Programme-specific result indicators (by specific objective)

Specific objective		2.3 - More integrated Valga-Valka central urban area					
ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
S08	The share of inhabitants of Valga and Valka recognising Valga-Valka as a joint town	%	21.00	2015	28.00	A survey and information from Valga and Valka town governments	Assessment at the beginning (2015), in the middle (2018, 2020), at the end of the programme (2023).

2.A.6 Actions to be supported under the investment priority (by investment priority)

2.A.6.1 A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

Investment priority	6e - Taking action to improve the urban environment, to revitalise cities, regenerate and decontaminate brownfield sites (including conversion areas), reduce air pollution and promote noise-reduction measures
SPECIFIC OBJECTIVE 2.3: More integrated Valga-Valka central urban area	

Investment priority	6e - Taking action to improve the urban environment, to revitalise cities, regenerate and decontaminate brownfield sites (including conversion areas), reduce air pollution and promote noise-reduction measures
<p>The activities under this specific objective aim to improve the area on the border of Estonia and Latvia in the centre of the twin town of Valga-Valka. The area is a wasteland and backyard of both towns at the moment, but has a potential to become a joint town centre. A new attractive place for locals to meet, joint public events and local businesses to open their shops, cafes and stands.</p> <p>The programme may provide support in the frames of the direct award procedure to a pre-defined project[1] under this specific objective.</p> <p>Indicative list of actions supported</p> <ul style="list-style-type: none"> • Creating a multifunctional cross-border central square in Valga and Valka on the border of Estonia and Latvia including an area for open-air markets and festive events, playgrounds, innovative lighting systems, original urban space furniture, etc. • Creating a pedestrian street passing the new central square and linking churches in town centres of Valga and Valka. • Renovating an old cross-border bridge across a small stream (Konnoaja/Varžupīte) running along the border of Estonia and Latvia. Cleaning the area along the banks of the Konnoaja/Varžupīte stream and joining this revitalized green area with actual greenway along the Pedeli River. • Restoring houses around the newly established cross-border central square to attract entrepreneurs to the area. <p>Main target groups</p> <p>Public organisations, professional organisations, tourism organisations, local communities, municipalities, SMEs, regional development organisations, non-governmental organisations, tourists, etc.</p> <p>Types of beneficiaries</p> <p>Local and regional authorities, state authorities, non-governmental organisations, private enterprises and public equivalent bodies (a definition is provided in the programme manual).</p>	

Investment priority	6e - Taking action to improve the urban environment, to revitalise cities, regenerate and decontaminate brownfield sites (including conversion areas), reduce air pollution and promote noise-reduction measures
[1] Pre-defined project – projects in the frame of the direct award procedure, whose peculiarities (e.g. objectives, beneficiaries, results, activities etc.) are set together with the Member States in order to achieve specific and strategic objectives in the programme area and must be included under the relevant thematic objective.	

2.A.6.2 Guiding principles for the selection of operations

Investment priority	6e - Taking action to improve the urban environment, to revitalise cities, regenerate and decontaminate brownfield sites (including conversion areas), reduce air pollution and promote noise-reduction measures
Projects under priority axis 2 must clearly demonstrate a direct positive and integrative impact on the sustainable development of its region.	
The programme may consider specific objective 2.3 to be implemented in the frames of pre-defined project(s). Selection criteria and the description of the pre-selection procedures are described in the programme manual and documents of the respective call of the proposals.	

2.A.6.3 Planned use of financial instruments (where appropriate)

Investment priority	6e - Taking action to improve the urban environment, to revitalise cities, regenerate and decontaminate brownfield sites (including conversion areas), reduce air pollution and promote noise-reduction measures

2.A.6.4 Planned use of major projects (where appropriate)

Investment priority	6e - Taking action to improve the urban environment, to revitalise cities, regenerate and decontaminate brownfield sites (including conversion areas), reduce air pollution and promote noise-reduction measures
----------------------------	--

Investment priority	6e - Taking action to improve the urban environment, to revitalise cities, regenerate and decontaminate brownfield sites (including conversion areas), reduce air pollution and promote noise-reduction measures

2.A.6.5 Output indicators (by investment priority)

Table 4: Common and programme-specific output indicators

Investment priority	6e - Taking action to improve the urban environment, to revitalise cities, regenerate and decontaminate brownfield sites (including conversion areas), reduce air pollution and promote noise-reduction measures				
ID	Indicator	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
21	Improved and revitalised cross-border joint urban area	Square meter	18,000.00	Project reports	Annual

2.A.4 Investment priority

ID of the investment priority	6f
Title of the investment priority	Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution

2.A.5 Specific objectives corresponding to the investment priority and expected results

ID of the specific objective	2.2
Title of the specific objective	Increased awareness of energy saving, sorting waste and re-use, and the more efficient management of common water resources
Results that the Member States seek to achieve with Union support	This objective targets the challenges and opportunities that are related to the efficient use of resources and sustainable daily behaviour. Promoting solutions for energy saving, sorting waste and re-use, and improved cooperation in joint water resource management are subjects to be achieved under this specific objective. Public awareness of efficient resource managing still needs to be raised, since there is a lack of good practice, insufficient support and information. A wider use of existing

ID of the specific objective	2.2
Title of the specific objective	Increased awareness of energy saving, sorting waste and re-use, and the more efficient management of common water resources
	<p>technologies or the implementation of new technologies is supported under this specific objective.</p> <p>The results are reflected in the share of respondents in the programme area who are aware of environmentally-friendlier and more considerate methods of energy and resource consumption and who can cooperate in the joint management of shared resources. Common water resources, especially in the coastal area, are well managed.</p> <p>Expected result: The everyday behaviour of inhabitants has become more considerate towards resource efficiency. The management of common water resources has improved.</p>

Table 3: Programme-specific result indicators (by specific objective)

Specific objective		2.2 - Increased awareness of energy saving, sorting waste and re-use, and the more efficient management of common water resources					
ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
S04	Awareness of people in terms of resource efficiency	% of persons who are very familiar with the targeted topics	43.00	2014	53.00	A survey and information from environment experts	Assessment at the beginning (2014), in the middle (2018, 2020), at the end of the programme (2023).
S05	Cooperation intensity between institutions in the management of water bodies and coastal areas	% of institutions that carry out regular co-op. activities	36.00	2014	59.00	A survey about existing water management practices	Assessment at the beginning (2014), in the middle (2018, 2020), at the end of the programme (2023).

2.A.6 Actions to be supported under the investment priority (by investment priority)

2.A.6.1 A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

Investment priority	6f - Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution
<p>SPECIFIC OBJECTIVE 2.2: Increased awareness of energy saving, sorting waste and re-use, and the more efficient management of common water resources</p> <p>The aim of this specific objective is to change people’s habits towards more environmentally-friendly behaviour in their everyday life, no matter whether it concerns energy saving, sorting waste or re-use. Since public awareness in terms of the efficient use of resources is low, the small-scale investments together with information and good practical cases are needed in order to change this behaviour. Any action that supports the management of common water bodies and coastal areas also fall under this specific objective, including activities that are targeted at adaptation to climate change.</p> <p>Indicative list of actions supported</p> <ul style="list-style-type: none"> • Activities that increase awareness about the importance of energy saving, sorting waste and re-use, including public campaigns, hands-on workshops, information tools, etc. • Improving efficient use and protection of joint water resources (the Gauja/Koiva river basin, the Salaca/Salatsi river basin and marine and coastal areas of the programme territory) via intensified cooperation between the relevant institutions. • Actions that are aimed at a coordinated cross-border reaction to environmental accidents in the Gulf of Riga, ensuring efficient support for pollution prevention. <p>Main target groups</p> <p>Public organisations, professional organisations, municipalities, households.</p> <p>Types of beneficiaries</p> <p>Local and regional authorities, state authorities, non-governmental organisations, private enterprises and public equivalent bodies (a definition is provided in the programme manual).</p>	

Investment priority	6f - Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution

2.A.6.2 Guiding principles for the selection of operations

Investment priority	6f - Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution
Projects under priority axis 2 must clearly demonstrate a direct positive and integrative impact on the sustainable development of its region.	

2.A.6.3 Planned use of financial instruments (where appropriate)

Investment priority	6f - Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution

2.A.6.4 Planned use of major projects (where appropriate)

Investment priority	6f - Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution

2.A.6.5 Output indicators (by investment priority)

Table 4: Common and programme-specific output indicators

Investment priority		6f - Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution			
ID	Indicator	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
O09	Participants at project events, except management meetings	Number	450.00	Project reports	Annual
O10	Public campaigns that are targeted at environmentally-friendlier behaviour	Number	6.00	Project reports	Annual
O11	Joint management initiatives for water or coastal areas	Number	5.00	Project reports	Annual
O12	Small-scale investments	Number	40.00	Project reports	Annual

2.A.7 Performance framework

Table 5: Performance framework of the priority axis

Priority axis		2 - CLEAN AND VALUED LIVING ENVIRONMENT					
ID	Indicator type	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	Source of data	Explanation of relevance of indicator, where appropriate
03	I	Approved projects	Number	9		Signed Subsidy Contracts	
F02	F	Expenditure, priority axis 2	€	3,018,127.00	16,053,871.00	Project reports, information about	

Priority axis		2 - CLEAN AND VALUED LIVING ENVIRONMENT					
ID	Indicator type	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	Source of data	Explanation of relevance of indicator, where appropriate
						certification	
O21	O	Improved and revitalised cross-border joint urban area	Square meter	0.00	18,000.00	Project reports	Assuming one project under SO 2.3 with an approximate budget of 3 MEUR that supports turning the current wasteland in the centre of Valga and Valka into an attractive and integrated cross-border joint town centre of Valga/Valka.
O07	O	(Sets of) products or services that are created based on cultural or natural heritage	Number	0	7.00	Project reports	Assuming seven projects under SO 2.1, creating (sets of) products or services based on cultural or natural heritage.
O10	O	Public campaigns that are targeted at environmentally-friendlier behaviour	Number	0	6.00	Project reports	Assuming six projects under SO 2.2, each carrying out at least one public awareness raising campaign.
O11	O	Joint management initiatives for water or coastal areas	Number	0	5.00	Project reports	Assuming five projects under SO 2.2 which carry out joint water management activities for shared water resources.

Additional qualitative information on the establishment of the performance framework

The achievement of the milestones for each priority axis is evaluated by the Commission in 2019 based on the annual implementation report for the year 2018.

Justifications for the calculations

The average budget sizes are calculated by basing them on similar projects in the 2007-2013 programme and on the unit costs of output indicators. Additionally, the calculations for unit costs are, in the first place, based on expenditure from similar projects in the Estonia-Latvia Programme 2007-

2013. When it comes to calculating unit costs for indicators in Priority 1, those entrepreneurship development projects that have been supported by the Enterprise Estonia during the period 2007-2013 have also been taken into account.

The milestone values for output indicators for the year 2018 are calculated based on the assumption that the first projects start their activities in autumn 2016. The maximum duration of the projects is 3 years and based on the consultations it can be assumed that majority of the projects will be approximately 3 years long. Thus only very few projects might be fully implemented by the end of 2018 and there is “0” as a milestone value for all the output indicators. Key implementation steps are used instead to forecast the progress of the programme and each priority by the end of the year 2018.

The example of the 2007-2013 programme has been used for setting milestone values for financial indicators for 2018. Approximately 25% of expenditure had been certified by the end of 2011 in the Estonia-Latvia Programme 2007-2013, but in order to set realistic and achievable targets in the context of a more focused programme and taking into account that the first call for proposals are initiated during the 4th quarter of 2015 or 1st quarter of 2016, the milestone values are set at 18.8% of the final target value. These levels are in line with Table 15 from Section 3 Financing Plan.

2.A.8 Categories of intervention

Categories of intervention corresponding to the content of the priority axis, based on a nomenclature adopted by the Commission, and indicative breakdown of Union support

Tables 6-9: Categories of intervention

Table 6: Dimension 1 Intervention field

Priority axis	2 - CLEAN AND VALUED LIVING ENVIRONMENT	
	Code	Amount (€)
	018. Household waste management (including mechanical biological treatment, thermal treatment, incineration and landfill measures)	2,661,447.00

Priority axis	2 - CLEAN AND VALUED LIVING ENVIRONMENT	
021. Water management and drinking water conservation (including river basin management, water supply, specific climate change adaptation measures, district and consumer metering, charging systems and leak reduction)		2,661,448.00
055. Other social infrastructure contributing to regional and local development		3,000,000.00
091. Development and promotion of the tourism potential of natural areas		2,661,448.00
094. Protection, development and promotion of public cultural and heritage assets		2,661,447.00

Table 7: Dimension 2 Form of finance

Priority axis	2 - CLEAN AND VALUED LIVING ENVIRONMENT	
	Code	Amount (€)
01. Non-repayable grant		13,645,790.00

Table 8: Dimension 3 Territory type

Priority axis	2 - CLEAN AND VALUED LIVING ENVIRONMENT	
	Code	Amount (€)
01. Large Urban areas (densely populated >50 000 population)		4,258,316.00
02. Small Urban areas (intermediate density >5 000 population)		7,258,316.00

Priority axis	2 - CLEAN AND VALUED LIVING ENVIRONMENT	
	Code	Amount (€)
	03. Rural areas (thinly populated)	2,129,158.00

Table 9: Dimension 6 Territorial delivery mechanisms

Priority axis	2 - CLEAN AND VALUED LIVING ENVIRONMENT	
	Code	Amount (€)
	07. Not applicable	13,645,790.00

2.A.9 A summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries and, where necessary, actions to enhance the administrative capacity of relevant partners to participate in the implementation of programmes (where appropriate)

Priority axis:	2 - CLEAN AND VALUED LIVING ENVIRONMENT	
Please see chapters 2.B and 5.3 for further information.		

2.A.1 Priority axis

ID of the priority axis	3
Title of the priority axis	BETTER NETWORK OF HARBOURS

- The entire priority axis will be implemented solely through financial instruments
- The entire priority axis will be implemented solely through financial instruments set up at Union level
- The entire priority axis will be implemented through community-led local development

2.A.2 Justification for the establishment of a priority axis covering more than one thematic objective (where applicable)

2.A.3 Fund and calculation basis for Union support

Fund	Calculation basis (total eligible expenditure or eligible public expenditure)
ERDF	Total

2.A.4 Investment priority

ID of the investment priority	7c
Title of the investment priority	Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility

2.A.5 Specific objectives corresponding to the investment priority and expected results

ID of the specific objective	3.1
Title of the specific objective	An improved network of small harbours with good levels of service
Results that the Member States seek to achieve with Union support	<p>The aim of the priority arises from the common interest of the Member States in terms of improving the regional economy and mobility with a network of easily-accessed, active and multifunctional small harbours that provide good conditions and services that are of a similar quality. This helps to form well-functioning sea routes that serve to connect the coastal area and activate sea travel within and around the Gulf of Riga, and also to provide a better basic level for harbours when preparing for the challenges that are raised by climate change. As a result, coastal areas are better connected, and the network of harbours creates better opportunities for attracting visiting vessels, which influences economic growth in both countries.</p> <p>The other financing programmes for similar support are taken into account when compiling the list.</p> <p>Expected result: A network of small harbours with improved services for supporting maritime traffic.</p>

Table 3: Programme-specific result indicators (by specific objective)

Specific objective		3.1 - An improved network of small harbours with good levels of service					
ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
S06	The number of visiting vessels at small harbours.	Number of vessels	6,420.00	2014	15,000.00	A survey and information from harbour experts	Assessment at the beginning (2014), in the middle (2018, 2020), at the end of the programme (2023).

2.A.6 Actions to be supported under the investment priority (by investment priority)

2.A.6.1 A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

Investment priority	7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility
<p>SPECIFIC OBJECTIVE 3.1: An improved network of small harbours with good levels of service</p> <p>Indicative list of actions supported</p> <ul style="list-style-type: none"> • Investments for improving the level of services of the harbours belonging to the network: <ul style="list-style-type: none"> ○ safe navigation and docking (e.g. investments in infrastructure: wave protection, coast straightening, deepening of harbour waters and fairway, construction and re-construction of piers, floating piers, etc); ○ security and environmental safety (e.g. safety and emergency kit, possibilities for waste and wastewater reception, etc); ○ the availability of drinking water and electricity on the quay; the availability of water closets and washing facilities. • Other investments that support improvement of quality of services in the network of small harbours. • Activities necessary for the creation of the sustainable co-operation between the small harbours in the area in the frames of a joint network. • Joint marketing of the network of small harbours, including different activities (e.g. publications such as a cruising guide, covering programme area with the network of ports etc). <p>Main target groups</p> <p>Local communities, enterprises, municipalities, visitors.</p> <p>Types of beneficiaries</p> <p>Local and regional authorities, state authorities, non-governmental organisations, private enterprises and public equivalent bodies (a definition is provided in the programme manual).</p>	

2.A.6.2 Guiding principles for the selection of operations

Investment priority	7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility
<p>Projects under priority axis 3 must clearly contribute to the establishment of the small harbours network, especially in the Gulf of Riga area and improvement of the quality of the level of services, when provided by the network of harbours.</p> <p>The programme may consider specific objective 3.1 to be implemented in the frames of pre-defined project(s). Pre-selection procedures of the small harbours to the project(s) are carried out on the national level in Estonia. In Latvia, the eligible harbours are only those operating in the port territories, which are defined in the decisions of the Latvian Cabinet of Ministers. Selection criteria and the description of the pre-selection procedures is described in the programme manual and documents of the respective call of the proposals.</p>	

2.A.6.3 Planned use of financial instruments (where appropriate)

Investment priority	7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility

2.A.6.4 Planned use of major projects (where appropriate)

Investment priority	7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility

2.A.6.5 Output indicators (by investment priority)

Table 4: Common and programme-specific output indicators

Investment priority		7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility			
ID	Indicator	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
O13	Small harbours with improved services	Number	17.00	Project reports	Annual

2.A.7 Performance framework

Table 5: Performance framework of the priority axis

Priority axis		3 - BETTER NETWORK OF HARBOURS					
ID	Indicator type	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	Source of data	Explanation of relevance of indicator, where appropriate
03	I	Approved projects	Number	1		Signed Subsidy Contracts	
01	I	Small harbours within approved projects aimed at improving those harbours	Number	10		Project reports	
F03	F	Expenditure, priority axis 3	€	2,064,480.00	10,981,275.00	Project reports, information about certifications	

Priority axis		3 - BETTER NETWORK OF HARBOURS					
ID	Indicator type	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	Source of data	Explanation of relevance of indicator, where appropriate
O13	O	Small harbours with improved services	Number	0	17.00	Project reports	Possible average project size: 4 MEUR. Assuming 1-2 projects under SO 3.1, each involving 9-17 small harbours.

Additional qualitative information on the establishment of the performance framework

The achievement of the milestones for each priority axis is evaluated by the Commission in 2019 based on the annual implementation report for the year 2018.

Justifications for the calculations

The average budget sizes are calculated by basing them on similar projects in the 2007-2013 programme and on the unit costs of output indicators. Additionally, the calculations for unit costs are, in the first place, based on expenditure from similar projects in the Estonia-Latvia Programme 2007-2013. When it comes to calculating unit costs for indicators in Priority 1, those entrepreneurship development projects that have been supported by the Enterprise Estonia during the period 2007-2013 have also been taken into account.

The milestone values for output indicators for the year 2018 are calculated based on the assumption that the first projects start their activities in autumn 2016. The maximum duration of the projects is 3 years and based on the consultations it can be assumed that majority of the projects will be approximately 3 years long. Thus only very few projects might be fully implemented by the end of 2018 and there is “0” as a milestone value for all the output indicators. Key implementation steps are used instead to forecast the progress of the programme and each priority by the end of the year 2018.

The example of the 2007-2013 programme has been used for setting milestone values for financial indicators for 2018. Approximately 25% of expenditure had been certified by the end of 2011 in the Estonia-Latvia Programme 2007-2013, but in order to set realistic and achievable targets in the context of a more focused programme and taking into account that the first call for proposals are initiated during the 4th quarter of 2015 or 1st quarter of 2016, the milestone values are set at 18.8% of the final target value. These levels are in line with Table 15 from Section 3 Financing Plan.

2.A.8 Categories of intervention

Categories of intervention corresponding to the content of the priority axis, based on a nomenclature adopted by the Commission, and indicative breakdown of Union support

Tables 6-9: Categories of intervention

Table 6: Dimension 1 Intervention field

Priority axis	3 - BETTER NETWORK OF HARBOURS	
	Code	Amount (€)
	040. Other seaports	9,334,080.00

Table 7: Dimension 2 Form of finance

Priority axis	3 - BETTER NETWORK OF HARBOURS	
	Code	Amount (€)
	01. Non-repayable grant	9,334,080.00

Table 8: Dimension 3 Territory type

Priority axis	3 - BETTER NETWORK OF HARBOURS	
	Code	Amount (€)

Priority axis	3 - BETTER NETWORK OF HARBOURS	
	Code	Amount (€)
	01. Large Urban areas (densely populated >50 000 population)	2,333,520.00
	03. Rural areas (thinly populated)	7,000,560.00

Table 9: Dimension 6 Territorial delivery mechanisms

Priority axis	3 - BETTER NETWORK OF HARBOURS	
	Code	Amount (€)
	07. Not applicable	9,334,080.00

2.A.9 A summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries and, where necessary, actions to enhance the administrative capacity of relevant partners to participate in the implementation of programmes (where appropriate)

Priority axis:	3 - BETTER NETWORK OF HARBOURS	
Please see chapters 2.B and 5.3 for further information.		

2.A.1 Priority axis

ID of the priority axis	4
Title of the priority axis	INTEGRATED LABOUR MARKET

- The entire priority axis will be implemented solely through financial instruments
- The entire priority axis will be implemented solely through financial instruments set up at Union level
- The entire priority axis will be implemented through community-led local development

2.A.2 Justification for the establishment of a priority axis covering more than one thematic objective (where applicable)

2.A.3 Fund and calculation basis for Union support

Fund	Calculation basis (total eligible expenditure or eligible public expenditure)
ERDF	Total

2.A.4 Investment priority

ID of the investment priority	8c
Title of the investment priority	Integrating cross-border labour markets, including cross-border mobility, joint local employment initiatives, information and advisory services and joint training (ETC-CB)

2.A.5 Specific objectives corresponding to the investment priority and expected results

ID of the specific objective	4.1
Title of the specific objective	Improved conditions for accessing jobs across the border
Results that the Member States seek to achieve with Union support	<p>The activities and actions under this specific objective aim to enhance and integrate cross-border employment instruments, systems and options, that help to improve information, qualification and conditions for accessing and creating jobs across the border,</p> <p>As a result the improved and promoted employment options (e.g. databases, re-training activities) and integrated services support labour commuting and business activities. People and entrepreneurs on both sides of the border have better access to relevant information and supporting activities that help to accelerate the filling of vacancies, have improved opportunities to find necessary specialists; and cross-border regions and local communities are more prepared to contribute into the labour market and labour movement issues on the national and cross-border levels.</p>

Table 3: Programme-specific result indicators (by specific objective)

Specific objective		4.1 - Improved conditions for accessing jobs across the border					
ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
S07	Work commuters crossing the border	Number of persons	2,753.00	2014	3,100.00	A survey and information from employment experts	Assessment at the beginning (2014), in the middle (2018, 2020), at the end of the programme (2023).

2.A.6 Actions to be supported under the investment priority (by investment priority)

2.A.6.1 A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

Investment priority	8e - Integrating cross-border labour markets, including cross-border mobility, joint local employment initiatives, information and advisory services and joint training (ETC-CB)
<p>SPECIFIC OBJECTIVE 4.1: Improved conditions for accessing jobs across the border</p>	
<p>Activities supported under this priority axis are seen as being instruments and investments that help to match the skills with the needs of the labour market; and to improve conditions for accessing and creating jobs across the border, which provide both people and entrepreneurs on both sides of the border with information and supporting activities; to encourage labour mobility and integration across the border by expanding work opportunities within the programme area. The beneficiaries are encouraged to update, develop and link more new solutions and systems for direct and indirect products and services that involve various working-age groups, train and develop skills (including the workmanship, qualifications, language, information and job search, internship and re-training), increase labour and entrepreneurial activities, internships and labour commuting in cross-border urban areas and across the border. This also helps to increase the productivity and the efficient and smart use of the human resources. In addition, it raises the capacity of local and regional service providers and improves the relevance, accessibility and applicability of the information and services concerning working in the programme area. Furthermore, these activities encourage people to participate in life-long learning, qualification improvement and promote smart and distant working and make the labour market in the programme area more adaptable and flexible.</p>	
<p>Indicative list of actions supported</p>	
<ul style="list-style-type: none"> • Adjusting databases of Estonian job seekers and job offers for the Latvian market and vice versa. • Carrying out life-long learning and re-training activities. • Developing the (language) skills that are necessary for cross-border jobs. • Distant/smart work. • Local and/or regional initiatives (e.g. info services, fairs and similar events that serve to promote cross-border employment). • Raising the capacity of local and regional bodies, both public and private, that provide labour market and public employment services. • Internships across the border. 	
<p>Main target groups</p>	

Investment priority	8e - Integrating cross-border labour markets, including cross-border mobility, joint local employment initiatives, information and advisory services and joint training (ETC-CB)
<p>Unemployed people, students, pupils, vocational schools, colleges, other educational institutions, municipalities, local communities, employers, employment support structures, etc.</p> <p>Types of beneficiaries</p> <p>Local and regional authorities, state authorities, non-governmental organisations, private enterprises and public equivalent bodies (a definition is provided in the programme manual).</p>	

2.A.6.2 Guiding principles for the selection of operations

Investment priority	8e - Integrating cross-border labour markets, including cross-border mobility, joint local employment initiatives, information and advisory services and joint training (ETC-CB)
<p>Projects under priority axis 4 must clearly support cross-border mobility and therefore indirectly address equal opportunities and anti-discrimination by providing opportunities for improving the quality and accessibility of services, skills training and jobs.</p>	

2.A.6.3 Planned use of financial instruments (where appropriate)

Investment priority	8e - Integrating cross-border labour markets, including cross-border mobility, joint local employment initiatives, information and advisory services and joint training (ETC-CB)

2.A.6.4 Planned use of major projects (where appropriate)

Investment priority	8e - Integrating cross-border labour markets, including cross-border mobility, joint local employment initiatives, information and advisory services and joint training (ETC-CB)

2.A.6.5 Output indicators (by investment priority)

Table 4: Common and programme-specific output indicators

Investment priority	8e - Integrating cross-border labour markets, including cross-border mobility, joint local employment initiatives, information and advisory services and joint training (ETC-CB)				
ID	Indicator	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
O14	New and/or improved services for job seekers and/or job providers	Number	2.00	Project reports	Annual
O15	Participants in cross-border mobility initiatives	Number	160.00	Project reports	Annual

2.A.7 Performance framework

Table 5: Performance framework of the priority axis

Priority axis	4 - INTEGRATED LABOUR MARKET						
ID	Indicator type	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	Source of data	Explanation of relevance of indicator, where appropriate
03	I	Approved projects	Number	1		Signed Subsidy Contracts	

Priority axis		4 - INTEGRATED LABOUR MARKET					
ID	Indicator type	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	Source of data	Explanation of relevance of indicator, where appropriate
F04	F	Expenditure, priority axis 4	€	223,649.00	1,189,626.00	Project reports, information about certifications	
O14	O	New and/or improved services for job seekers and/or job providers	Number	0	2.00	Project reports	Assuming two projects under SO 4.1 with an average project size of 0.6 MEUR, each delivering at least one new or improved service.

Additional qualitative information on the establishment of the performance framework

The achievement of the milestones for each priority axis is evaluated by the Commission in 2019 based on the annual implementation report for the year 2018.

Justifications for the calculations

The average budget sizes are calculated by basing them on similar projects in the 2007-2013 programme and on the unit costs of output indicators. Additionally, the calculations for unit costs are, in the first place, based on expenditure from similar projects in the Estonia-Latvia Programme 2007-2013. When it comes to calculating unit costs for indicators in Priority 1, those entrepreneurship development projects that have been supported by the Enterprise Estonia during the period 2007-2013 have also been taken into account.

The milestone values for output indicators for the year 2018 are calculated based on the assumption that the first projects start their activities in autumn 2016. The maximum duration of the projects is 3 years and based on the consultations it can be assumed that majority of the projects will be approximately 3 years long. Thus only very few projects might be fully implemented by the end of 2018 and there is “0” as a milestone value for all the output indicators. Key implementation steps are used instead to forecast the progress of the programme and each priority by the end of the year 2018.

The example of the 2007-2013 programme has been used for setting milestone values for financial indicators for 2018. Approximately 25% of expenditure had been certified by the end of 2011 in the Estonia-Latvia Programme 2007-2013, but in order to set realistic and achievable targets in the context of a more focused programme and taking into account that the first call for proposals are initiated during the 4th quarter of 2015 or 1st quarter of 2016, the milestone values are set at 18.8% of the final target value. These levels are in line with Table 15 from Section 3 Financing Plan.

2.A.8 Categories of intervention

Categories of intervention corresponding to the content of the priority axis, based on a nomenclature adopted by the Commission, and indicative breakdown of Union support

Tables 6-9: Categories of intervention

Table 6: Dimension 1 Intervention field

Priority axis	4 - INTEGRATED LABOUR MARKET	
	Code	Amount (€)
	102. Access to employment for job-seekers and inactive people, including the long-term unemployed and people far from the labour market, also through local employment initiatives and support for labour mobility	505,591.00
	108. Modernisation of labour market institutions, such as public and private employment services, and improving the matching of labour market needs, including through actions that enhance transnational labour mobility as well as through mobility schemes and better cooperation between institutions and relevant stakeholders	505,591.00

Table 7: Dimension 2 Form of finance

Priority axis	4 - INTEGRATED LABOUR MARKET	
	Code	Amount (€)
01. Non-repayable grant		1,011,182.00

Table 8: Dimension 3 Territory type

Priority axis	4 - INTEGRATED LABOUR MARKET	
	Code	Amount (€)
01. Large Urban areas (densely populated >50 000 population)		758,387.00
02. Small Urban areas (intermediate density >5 000 population)		252,795.00

Table 9: Dimension 6 Territorial delivery mechanisms

Priority axis	4 - INTEGRATED LABOUR MARKET	
	Code	Amount (€)
07. Not applicable		1,011,182.00

2.A.9 A summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries and, where necessary, actions to enhance the administrative capacity of relevant partners to participate in the implementation of programmes (where appropriate)

Priority axis:	4 - INTEGRATED LABOUR MARKET
Please see chapters 2.B and 5.3 for further information.	

2.B DESCRIPTION OF THE PRIORITY AXES FOR TECHNICAL ASSISTANCE

2.B.1 Priority axis

ID	5
Title	Technical assistance

2.B.2 Fund and calculation basis for Union support

Fund	Calculation basis (total eligible expenditure or eligible public expenditure)
ERDF	Total

2.B.3 Specific objectives and expected results

ID	Specific objective	Results that the Member States seek to achieve with Union support
5	Ensure the implementation of the programme according to the targets that have been set in the programme document	not applicable

2.B.4 Result indicators

Table 10: Programme-specific result indicators (by specific objective)

Priority axis		5 - Ensure the implementation of the programme according to the targets that have been set in the programme document					
ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
00	N/A	N/A	0.00		0.00	N/A	N/A

2.B.5 Actions to be supported and their expected contribution to the specific objectives (by priority axis)

2.B.5.1 Description of actions to be supported and their expected contribution to the specific objectives

Priority axis	5 - Technical assistance
<p>The objective in the use of TA is to ensure the implementation of the programme according to the targets that have been set out in the programme document. TA is used for preparing all of the necessary forms and procedures for the programme for applying, reporting, monitoring, certifying and auditing, and to raise the capacity of the programme bodies and stakeholders.</p> <p>The majority of the TA budget is used to cover the covering staff costs of the Managing Authority, Joint Secretariat and Audit Authority, and of the employee at the Information Point in Riga. Costs that are directly related to staff costs include office and administrative costs and travel costs.</p> <p>In some cases external experts are also used when it comes to carrying out certain tasks. In the first place, these include programme evaluations and thematic expertise, which may be necessary for the evaluation of projects.</p> <p>The TA budget is also used for covering the costs of various meetings by the programme bodies, mostly those of the regular Monitoring Committee meetings and task force meetings when required. The meetings are held following the principles of rotation between Estonia and Latvia and the overall coverage of the programme area.</p> <p>Database-related costs constitute a rather moderate share in the TA budget, as the programme either uses the e-Monitoring System that has been developed by Interact or continues to use the database of the Enterprise Estonia (which acts as the host organisation for the Joint Secretariat). Either way, no new, unique information system is developed for the programme and only small-scale development and maintenance costs have been foreseen.</p> <p>A share of the TA budget is also allocated for communications activities, which are for the most part targeted towards potential applicants at the beginning of the programme period and later shift to the promotion of projects' results during the second half of the programme period. These activities include various seminars, workshops, training sessions and other events, as well as tailor-made "communication products" to promote the results of the projects.</p>	

2.B.5.2 Output indicators expected to contribute to results (by priority axis)

Table 11: Output indicators

Priority axis		5 - Technical assistance		
ID	Indicator	Measurement unit	Target value (2023)	Source of data
O17	Approved projects	Number	45.00	Administrative decisions by the Managing Authority
O18	Face-to-face consultations provided to applicants	Number	220.00	JS
O19	Events organised for applicants, partners of supported projects, and the general public	Number	50.00	JS
O20	Employees (full-time equivalents - FTEs) whose salaries are co-financed by technical assistance	Number	12.00	Various programme documents

2.B.6 Categories of intervention

Corresponding categories of intervention based on a nomenclature adopted by the Commission, and an indicative breakdown of Union support.

Tables 12-14: Categories of intervention

Table 12: Dimension 1 Intervention field

Priority axis	5 - Technical assistance	
	Code	Amount (€)
	121. Preparation, implementation, monitoring and inspection	2,143,447.00
	122. Evaluation and studies	281,400.00
	123. Information and communication	236,600.00

Table 13: Dimension 2 Form of finance

Priority axis	5 - Technical assistance	
	Code	Amount (€)
	01.Non-repayable grant	2,661,447.00

Table 14: Dimension 3 Territory type

Priority axis	5 - Technical assistance	
	Code	Amount (€)
07.Not applicable		2,661,447.00

3. FINANCING PLAN

3.1 Financial appropriation from the ERDF (in €)

Table 15

Fund	2014	2015	2016	2017	2018	2019	2020	Total
ERDF	0.00	4,639,461.00	3,932,321.00	7,145,004.00	7,287,901.00	7,433,662.00	7,582,335.00	38,020,684.00
Total	0.00	4,639,461.00	3,932,321.00	7,145,004.00	7,287,901.00	7,433,662.00	7,582,335.00	38,020,684.00

3.2.A Total financial appropriation from the ERDF and national co-financing (in €)

Table 16: Financing plan

Priority axis	Fund	Basis for calculation of Union support (Total eligible cost or public eligible cost)	Union support (a)	National counterpart (b) = (c) + (d)	Indicative breakdown of the national counterpart		Total funding (e) = (a) + (b)	Co-financing rate (f) = (a) / (e) (2)	For information	
					National public funding (c)	National private funding (d)			Contributions from third countries	EIB contributions
1	ERDF	Total	11,368,185.00	2,006,155.00	1,845,660.00	160,495.00	13,374,340.00	84.9999700920%		
2	ERDF	Total	13,645,790.00	2,408,081.00	2,258,081.00	150,000.00	16,053,871.00	84.9999978198%		
3	ERDF	Total	9,334,080.00	1,647,195.00	1,515,420.00	131,775.00	10,981,275.00	84.9999658510%		
4	ERDF	Total	1,011,182.00	178,444.00	169,514.00	8,930.00	1,189,626.00	84.9999915940%		
5	ERDF	Total	2,661,447.00	1,393,783.00	1,393,783.00	0.00	4,055,230.00	65.6299889279%		
Total	ERDF		38,020,684.00	7,633,658.00	7,182,458.00	451,200.00	45,654,342.00	83.2794479877%		
Grand total			38,020,684.00	7,633,658.00	7,182,458.00	451,200.00	45,654,342.00	83.2794479877%		

(1) To be completed only when priority axes are expressed in total costs.

(2) This rate may be rounded to the nearest whole number in the table. The precise rate used to reimburse payments is the ratio (f).

3.2.B Breakdown by priority axis and thematic objective

Table 17

Priority axis	Thematic objective	Union support	National counterpart	Total funding
1	Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)	11,368,185.00	2,006,155.00	13,374,340.00
2	Preserving and protecting the environment and promoting resource efficiency	13,645,790.00	2,408,081.00	16,053,871.00
3	Promoting sustainable transport and removing bottlenecks in key network infrastructures	9,334,080.00	1,647,195.00	10,981,275.00
4	Promoting sustainable and quality employment and supporting labour mobility	1,011,182.00	178,444.00	1,189,626.00
Total		35,359,237.00	6,239,875.00	41,599,112.00

Table 18: Indicative amount of support to be used for climate change objectives

Priority axis	Indicative amount of support to be used for climate change objectives (€)	Proportion of the total allocation to the programme (%)
2	1,064,579.20	2.80%
3	3,733,632.00	9.82%
Total	4,798,211.20	12.62%

4. INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT

Description of the integrated approach to territorial development, taking into account the content and objectives of the cooperation programme, including in relation to regions and areas referred to in Article 174(3) TFEU, having regard to the Partnership Agreements of the participating Member States, and showing how it contributes to the accomplishment of the programme objectives and expected results

The programme area is challenged by urban-rural disparities. There are two densely populated towns (Riga, the capital of Latvia and Tartu, the second largest town in Estonia) and peripheral areas with less economic activity and population density. On the Estonian side of the border, the programme also covers an area of islands, where needs and challenges are related to isolation and accessibility. These remote areas are characterised by an especially low population density, low economic activity and especially high outward-migration. Many people relocate from the least developed, isolated, rural and peripheral areas to the more developed urban areas both within the same country and outside its borders.

The importance of these economic and territorial development challenges were taken into account when selecting the programme priorities. The challenges that are to be addressed, as well as the chosen programme priorities, are well in line with the Partnership Agreements between the EC and each Member State.

The programme aims to strengthen economic, social and territorial cohesion and reduce the urban-rural disparities through supporting the creation of new businesses and joint actions for developing cooperation between entrepreneurs (Priority 1); through developing natural and cultural resources and improving living and visiting environments (Priority 2); through improving small harbours around the Gulf of Riga that would improve local and regional mobility, promote sustainable tourism development and strengthen local economies (Priority 3), through the better integration of labour markets and expanding opportunities for labour commuters (Priority 4).

When planning the Estonian mainstream structural funds, institutions that work with EU instruments have been involved in the planning of the Partnership Agreement and Cooperation Programme. This involvement aims both at avoiding overlaps between the activities that are funded and fostering synergies in areas, for which funding is combined from various sources. Cooperation between the various organisations continues during the implementation of the measures, to avoid possible conflicts of interest.

In Latvia, a Consultative working group was established to ensure monitoring over the preparation process for various cooperation programmes in the ETC goal. Representatives of relevant institutions were involved in the elaboration of ETC programmes, providing coordination between the instruments within the ETC and ensuring complementarity to mainstream structural funds. During implementation of the Estonia-Latvia Programme 2014-2020 a national subcommittee is established to ensure advisory functions in the introduction of ETC programmes and to prevent project activities overlapping other financial instruments.

The programme aims to contribute towards achieving the goal of the Europe 2020 strategy for ‘smart’, ‘sustainable’ and ‘inclusive’ growth. Priority 1 supports the Europe 2020 objective of ‘smart growth’. It has been agreed that innovative businesses are targeted to contribute to the knowledge-intensive economy of the programme area. Investment priorities and specific objectives that are chosen for Priority 2 contribute to the Europe 2020 ‘smart growth’ and ‘sustainable growth’ objectives. Priority 3 in the context of the Europe 2020 strategy is seen as a precondition for ‘smart growth’ and ‘sustainable growth’, while Priority 4 contributes to the ‘inclusive growth’ and ‘smart growth’ objectives.

4.1 Community-led local development (where appropriate)

Approach to the use of community-led local development instruments and principles for identifying the areas where they will be implemented

4.2 Integrated actions for sustainable urban development (where appropriate)

Principles for identifying the urban areas where integrated actions for sustainable urban development are to be implemented and the indicative allocation of the ERDF support for these actions

Table 19: Integrated actions for sustainable urban development – indicative amounts of ERDF support

Indicative amount of ERDF support (€)
0.00

4.3 Integrated Territorial Investment (ITI) (where appropriate)

Approach to the use of Integrated Territorial Investments (ITI) (as defined in Article 36 of Regulation (EU) No 1303/2013) other than in cases covered by 4.2, and their indicative financial allocation from each priority axis

Table 20: Indicative financial allocation to ITI other than those mentioned under point 4.2 (aggregate amount)

Priority axis	Indicative financial allocation (Union support) (€)
Total	0.00

4.4 Contribution of planned interventions towards macro-regional and sea basin strategies, subject to the needs of the programme area as identified by the relevant Member States and taking into account, where applicable, strategically important projects identified in those strategies (where appropriate)

(Where Member States and regions participate in macro-regional and sea basin strategies)

The territory of the Estonia-Latvia Programme 2014-2020 is part of the area that is covered by the European Union Strategy for the Baltic Sea Region (which hereafter is referred to as ‘the EUSBSR’ or ‘the Strategy’). The need to solve common problems jointly in order to have a wider and more sustainable impact was the main impetus for elaborating the EUSBSR. The Strategy was approved by the European Commission in June 2009 following an update in 2012. To facilitate the implementation an Action Plan has been compiled, which is updated in case of need, the last version is dating from June 2015.

The updated Strategy addresses the key challenges of sustainable environment, prosperity, accessibility, safety and security. It has to reflect the Europe 2020 objectives of smart, sustainable and inclusive growth[1].

The revised Communication on the EUSBSR specifies three overall objectives for the Strategy:

1. to save the sea;
2. to connect the region;
3. to increase prosperity.

In the implementation of those activities that are identified under the priority axes in Section 2, which were elaborated on the basis of thematic objectives and investment priorities, the Strategy is taken into account as appropriate. According to a preliminary assessment, the projects that are to be implemented within the Estonia-Latvia Programme 2014-2020 may be related to the following policy areas of the EUSBSR as identified in the Action Plan for the EUSBSR of 2013: PA Innovation — Exploiting the full potential

of the region in research, innovation and SME, utilising Digital Single Market as a source for attracting talents and investments; PA Education – Education, Research and Employability; PA Culture — Culture and Creative Sectors; PA Ship — Becoming a model region for clean shipping; PA Tourism — Reinforcing cohesiveness of the macro-region through tourism. Also, horizontal actions are considered where needed.

The evolution of the EUSBSR and the modifications to the Action Plan are carefully followed and any changes are taken on board if needed. Therefore, some of the aforementioned PAs may become irrelevant whereas some newly established PAs may become applicable.

As the programme area is rather limited and the majority of projects are not of a very substantial size, it may be necessary to contact and coordinate with the Central Baltic Programme and the Baltic Sea Region Programme in order to find synergies and to better contribute to the objectives as identified in the Action Plan in order to have a wider transnational effect.

In the analysis and when it comes to labelling the project as contributing to the EUSBSR, the following criteria are considered:

- the project should have an impact in the whole programme territory and possibly beyond it;
- the project should create new development potentials in the area in which it is implemented, with the possibility of using the results outside the programme area.
- the project should support the achievement of objectives and sub-objectives as specified in the EUSBSR Action Plan.

The procedure for establishing the link between a project and the EUSBSR is specified in the programme manual and relevant projects are communicated to the Policy Area Coordinator. A system is established where the Policy Area Coordinator informs the Managing Authority on the consideration of the project in the assessment of the development on his/her priority area, as well as on the influence of the project on that particular area.

[1] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions concerning the European Union Strategy for the Baltic Sea Region, Brussels, 23.03.2012 Com(2012) 128 final.

5. IMPLEMENTING PROVISIONS FOR THE COOPERATION PROGRAMME

5.1 Relevant authorities and bodies

Table 21: Programme authorities

Authority/body	Name of authority/body and department or unit	Head of authority/body (position or post)
Managing authority	Estonian Ministry of Finance, Cross-Border Programmes' Implementation Unit	Head of Cross-Border Programmes' Implementation Unit
Certifying authority	Managing Authority carries out the functions of the Certifying Authority, Estonian Ministry of Finance, Cross-Border Programmes' Implementation Unit	Head of Cross-Border Programmes' Implementation Unit
Audit authority	Estonian Ministry of Finance, Financial Control Department	Head of the Financial Control Department

The body to which payments will be made by the Commission is:

- the Managing authority
 the Certifying authority

Table 22: Body or bodies carrying out control and audit tasks

Authority/body	Name of authority/body and department or unit	Head of authority/body (position or post)
Body or bodies designated to carry out control tasks	Estonian Ministry of Finance, Regional Development Department	Head of INTERREG Programmes Supervision Unit
Body or bodies designated to carry out control tasks	Latvian Ministry of Environmental Protection and Regional Development, Investment Supervision Department, Project Supervision Unit	Director of Investment Supervision Department
Body or bodies designated to be responsible for carrying out audit tasks	Estonian Ministry of Finance, Financial Control Department	Head of Financial Control Department
Body or bodies designated to be responsible for carrying out audit tasks	Latvian Ministry of Environmental Protection and Regional Development, Internal Audit Department	Director of Internal Audit Department

5.2 Procedure for setting up the joint secretariat

For the administrative implementation of the programme, the Managing Authority sets up, supervises and is assisted by the Joint Secretariat (hereafter referred to as 'the JS'), in accordance with Article 23(2) of Regulation (EU) No. 1299/2013. The JS is located in Tartu, Estonia and is hosted by the Enterprise Estonia, being functionally independent from the hosting institution similarly to the Estonia-Latvia Programme 2007-2013.

Implementation arrangements are already in place at the time of the programme's submission, because these arrangements are kept from the 2007-2013 period. Detailed definitions of the tasks and responsibilities of the JS, regulations covering the supervision and the right to issue instructions to the JS are laid down in the administration contract between the Estonian Ministry of Finance and the Enterprise Estonia. Once the description of management and control systems has been finalised, the Audit Authority carries out an assessment of the systems, including the principle of the separation of the functions of the JS, regardless of whether such separation is between the different functions of the authorities or is between authorities and beneficiaries.

In addition to the office of the JS in Tartu, an information point with one full-time employee is established in Riga, as part of the JS. The information point is hosted by the State Regional Development Agency of Latvia, and it is functionally independent from the hosting institution, being supervised in its work by the head of the JS. Details of the operations of the Riga information point are laid down by means of an administration contract between the Enterprise Estonia and the State Regional Development Agency of Latvia.

The recruitment of new staff members is carried out, taking into account national legislation in both Member States. In addition to other requirements that are related to the performance of the duties of the JS, as the programme supports projects that involve partners both from Estonia and Latvia, the team that fulfils those duties that are related to project consultations should consist of members who are able to communicate in English, which is the official language of the programme, and in one of the official languages of those Member States that participate in the programme, aiming at having an equal share of project consultants who speak Latvian and/or Estonian in order to ensure an adequate level of assistance in the preparation and implementation of projects.

5.3 Summary description of the management and control arrangements

The joint implementation structure consists of the following bodies:

- Managing Authority;
- Monitoring Committee;
- Joint Secretariat;
- Financial Control;
- Audit Authority;
- National responsible authorities.

Implementation arrangements - the structure and bodies of the Estonia-Latvia Programme 2014- 2020 are similar to the 2007-2013 period, and good practice is incorporated in order to make maximum use of implementation experiences.

Programme authorities - the Managing Authority, JS and Audit Authority - become fully operational as soon as the CP has been approved by the European Commission and the TA budget has been approved by the Monitoring Committee. Until the end of III quarter in 2015 all of the activities of these bodies are financed from the TA budget of the Estonia-Latvia Programme 2007-2013.

Management and control arrangements, including implementation arrangements, procedures and the programme authorities' tasks, are described at a more detailed level in the following programme documents:

- Description of Management and Control Systems;
- Administration Contract between the Estonian Ministry of Finance and the Enterprise Estonia;
- Administration Contract between the Enterprise Estonia foundation and the State Regional Development Agency of Latvia;
- Trilateral Memorandum of Understanding between the Member States and the Estonian Ministry of Finance;
- Programme Manual;
- Subsidy Contract;
- Rules of procedure of the Monitoring Committee;
- Decisions taken by the Monitoring Committee;
- Other (programme) documents.

Managing Authority

A single Managing Authority (hereafter referred to as 'the MA') is established in accordance with Article 21 of Regulation (EU) No. 1299/2013, which also fulfils certifying functions. The separation of functions for employees of the MA are defined in detail in the 'Description of Management and Control Systems', but are also provided by the decree by the Minister of Public Administration and by the job descriptions of the employees. It is supported by the electronic monitoring system for projects, for which each authority has full reading access and its own distinctive writing rights in order to ensure the separation of functions between the authorities.

In order to ensure that the principle of the separation of functions is respected between the MA and the Audit Authority, it is ensured within the organisational framework of the Estonian Ministry of Finance that the functions are fulfilled by separate units. This is based on a directive by the Minister of Public Administration, which nominates the respective units within the Estonian Ministry of Finance for carrying out the functions of the authorities, and it also authorises the heads of units to serve as the heads of the respective authorities. The authorities must carry out their tasks in full accordance with the institutional, legal and financial systems of the Republic of Estonia.

The tasks of the Audit Authority include an assessment of the management and control system of the programme, once it has been finalised, including the principle of separating functions, regardless of whether such separation is between the different functions of authorities or between authorities and beneficiaries.

The MA does not carry out any verification under Point (a) of Article 125(4) of Regulation (EU) No. 1303/2013; the task is delegated to the Financial Control bodies in accordance with Article 23 (4) of Regulation (EU) No. 1299/2013.

The MA works in close cooperation with the Financial Department of the Ministry, which is where the technical payment procedures of the ERDF, payments and pre-payments to the leading partners (LPs), and technical day-to-day accounting tasks are carried out.

Joint Secretariat

The JS undertakes the daily implementation of the programme and assists the MA and the Monitoring Committee, and also the Audit Authority and the Group of Auditors if necessary, in the implementation of their responsibilities and related tasks. The JS provides information to potential beneficiaries about funding opportunities and assists beneficiaries in the preparation and implementation of operations. Project assessment is organised by the JS based on the criteria set by the MC.

The formal division of tasks between the MA and the JS is agreed in the Administration Contract between the Estonian Ministry of Finance and the Enterprise Estonia that is hosting the JS. The division of tasks agreed in the Administration Contract specifies the division of tasks set up by the Member States and the MC in the Cooperation Programme, and this can be complemented by those tasks that are set out in the programme manual, other programme documents and in the MC decisions.

Monitoring Committee

In accordance with Article 47 of Regulation (EU) No. 1303/2013, within three months of the date of notification to the Member State of the decision to adopt the programme, the Member States set up the Monitoring Committee (hereafter referred to as ‘the MC’)), in accordance with the national rules and practices, in order to monitor the implementation of the programme, in agreement with the MA.

The composition of the MC must be decided by the Member States following the provisions of Article 48 of Regulation (EU) No. 1303/2013. It consists of the representatives of the relevant authorities and partners on the national and regional level, including economic and/or social partners and representatives of civil society from both Member States. During the first MC meeting, the MC draws up and adopts its Rules of Procedure within the institutional framework of the Member States concerned.

The MC is responsible for the selection of operations. Administrative decisions, based on the MC selection procedure, can be appealed within the framework of a pre-trial procedure by the lead partner of a project, who represents the project and all its partners in any complaints procedure. A detailed complaints procedure of the programme is described in an annex to the programme manual.

Project assessment, selection of operations, and contracting

The programme mainly uses open calls that might be thematically targeted or it can use other options, if deemed necessary by the MC, such as a direct award procedure, for fulfilling certain output indicators of the programme that can be provided only by a specific partnership. The JS organises the impartial assessment of all applications based on the criteria as approved by the MC. Project applications are subject to technical eligibility checks and a quality assessment check. Only those projects that fulfil the technical eligibility criteria are subject to the quality assessment process. Project applications and assessment results are available to the MC members.

The MC carries out a strategic assessment of submitted project applications and the selection of those projects that receive support from the programme funds. The strategic assessment is based on the results of the JS quality assessment, an analysis of the existing portfolio of approved projects, an assessment of the achievement of target values for programme output indicators, the availability of funds under each priority and the fulfilment of result indicators that have been set for the programme.

Detailed rules about the MC selection procedure are set out in the Rules of Procedure of the MC in accordance with Article 12(1) of Regulation (EU) No. 1299/2013.

The JS, on behalf of the MA, sends out the administrative decision to each lead applicant, informing them of the results of the MC's selection procedure. In cases in which a project is selected for funding, the letter provides the total ERDF funding and, if relevant, specific requirements and/or conditions that must be fulfilled. In cases in which the project was not selected for funding, the letter provides grounds on which the application failed. The JS sends the letter within ten working days after the MC meeting. Complaints against decisions taken during the project assessment and selection process must be submitted to the MA by the lead partner of the project.

The MC may select projects under certain terms and conditions. The MA, assisted by the JS, checks the fulfilment of the conditions before it can confirm the selection of the MC by means of its decision. The MA concludes a Subsidy Contract with a lead partner of a project that has been approved.

Detailed information related to project assessment, the selection of operations and contracting is described for potential applicants in the programme manual.

Guiding principles for the selection of operations

The detailed assessment criteria, including the guiding principles for the selection of operations, are approved by the MC and described in the programme manual.

The selection of operations is guided by programme-specific and project-specific principles.

The main programme-specific principles for the selection of operations are that all projects must be in line with one specific programme objective, that they must help to fulfil the target value of at least one output programme indicator, and that they must show a link between the activities planned and their influence in the fulfilment of the result indicator's target value.

The main project-specific principles for the selection of operations are that all projects must have a cross-border nature, relevant partners, adequate activities and approach, efficient management structures, a realistic work-plan and a budget that is proportionate to the project's contribution to the fulfilment of the programme output indicator(s).

Financial Control

Member States are responsible for establishing financial control (hereafter referred to as 'the FC') systems in Estonia and Latvia, submitting to the MA descriptions of the FC systems that have been set up, and also submit the list of nationally-appointed controllers according to the form provided by the MA on an annual basis.

All management verification work is carried out by the designated FC bodies in the participating Member States in line with the descriptions of the FC systems. The Member States must inform the MA without delay about any changes in the responsible body and of the control system's set-up.

To ensure that the operations comply with the respective European Union, programme and national legislation governing the use of public funds, the reports are certified according to national procedures that are described in the programme manual and national FC reporting guidelines.

The JS ensures that the MA receives all the necessary information on the procedures and verification work that has been carried out in relation to expenditure for the purposes of certification. All payments are effected by the MA after checks, controls and approvals that are further described in the section 'Description of Management and Control Systems'.

Second Level Control

The Audit Authority (hereafter referred to as 'the AA'), which is designated in accordance with Article 21 of Regulation (EU) No. 1303/2013, is responsible for the elaboration of audit guidelines, the audit strategy for setting out the audit methodology, the sampling method and the audit plan in order to verify and issue an opinion on whether the management and control system of the CP functions effectively and to verify the expenditure that has been declared; and also for the coordination of all audit activities that are related to the programme.

Based on the International Standards for the Professional Practice of Internal Auditing, the department that carries out the functions of the AA is regularly evaluated by independent external experts in order to certify that audit work takes account of internationally-accepted audit standards.

The AA is assisted by the Group of Auditors (GoA), which is chaired by the AA and which consists of auditors from both Member States who support the AA in carrying out the audit work and are entitled to participate in decision-making within the GoA on behalf of their Member State.

The principle of the separation of functions is ensured between the AA/GoA and the units in which the members of the MC are located, both in Estonia and in Latvia. The GoA is set up at the start of the programme and approves its Rules of Procedures independently.

To ensure that the principle of separation of functions is correctly observed between the AA/GoA and the MA, as well as members of the MC, care is taken to make sure within the organisational framework of the Estonian Ministry of Finance that the functions are fulfilled by separate units and that the department that is carrying out the functions of the AA is directly subordinate to the Minister. Furthermore, the functional independence of the AA is based on a directive by the Minister, which nominates the respective units within the Estonian Ministry of Finance for carrying out the functions of the authorities and authorises the heads of those units to serve as the heads of the respective authorities.

All members of the GoA are obliged to submit to the head of the AA a declaration of impartiality and functional independence confirming that the auditors are independent in

their audit work in relation to the MA, the JS and the members of the MC, before they carry out the first audit. Such functional independence is constantly monitored by the AA. Independence from the implementation of the programme and the projects that are audited must be stated in the GoA's Rules of Procedures.

5.4 Apportionment of liabilities among participating Member States in case of financial corrections imposed by the managing authority or the Commission

The Member States bear liability for the possible financial consequences of any irregularities that may be committed within the geographical area of the lead partner and/or the project partner. The Member States bear liability in connection with the eligibility of the costs under the following circumstances:

- if the LP does not succeed in securing repayment from a PP within a certain period of time, as established by a decision by the MC, through a judicial or extrajudicial means of collection; or
- if the MA or the respective Member State does not succeed in securing repayment from the LP through a judicial or extrajudicial means of collection.

In cases of systemic irregularity at the programme level, the Member States jointly bear liability for financial consequences, whereby each Member State has to be responsible in proportion to the received ERDF co-financing contribution of the respective national project partners involved. When it is not possible to identify an exact breakdown of the financial consequences between the Member States, liability is divided according to the share of percentage, in accordance with the agreement between the Member States.

When systemic irregularities appear at a national level, the concerned Member State must be responsible in proportion to any infringements found within its territory.

Financial corrections that are related to the Technical Assistance:

- Financial corrections, which are related to costs that are covered by decisions taken in the MC, should be borne jointly by the Member States in proportion to their contributions to the TA budget;
- In other cases where financial corrections are required and where these are related to the TA, liability should be borne by the MS that is hosting the MA.

System dealing with irregularities and frauds

The system that deals with irregularities, frauds and corrective procedures is determined in a trilateral Memorandum of Understanding between the Member States and the Estonian Ministry of Finance and in the programme manual and subsidy contract on the basis of national and EU legislation.

Irregularities are reported to respective authorities according to national provisions in Estonia and Latvia separately.

The MA is responsible for making a recovery decision in cooperation with the JS and the FC and for providing notification of the decision to the LP, the JS, the FC and nationally-

responsible authorities. The amount that is recovered is deducted from future payments or the LP is obliged to reimburse the amount requested. The MA establishes the Recovery Commission, and the Member States have to provide the MA and the AA with all of the information that they require to fulfil their responsibilities when dealing with irregularities.

Lead partners are informed about their responsibilities when it comes to obligations in the Subsidy Contract. The LP is responsible for the overall coordination, management and implementation of the project. The LP is the beneficiary of the ERDF grant and is responsible for managing the funds in accordance with the details of this Partnership Agreement, the approved application and the Subsidy Contract. The LP assumes sole responsibility for the entire project vis-à-vis the MA.

Complaint procedure

Project partners or other actors (citizens, NGOs etc.) who find that their rights have been violated by decisions taken by the programme authorities may file a complaint against such decisions or against measures that have been carried out by the programme authorities.

Complaints against decisions that have been taken by programme authorities during the project assessment and selection process must be submitted to the programme's MA by the project's lead partner. The complaint is to be lodged against the administrative decision that has been issued by the MA, based on the selection by the MC.

Complaints against decisions taken by the MA and the AA during the project implementation period, which should be based on the subsidy contract that has been concluded between the MA and the lead partner, must be submitted to the MA by the lead partner.

Complaints that are related to financial control have to be lodged by the respective project partner with the responsible national authority according to the applicable national rules: in Estonia this would be the Ministry of Finance and in Latvia it would be the Ministry of Environmental Protection and Regional Development.

Complaints by other actors (citizens, NGOs etc.), who are not partners of a project or directly related with the implementation of a project in the frames of the programme, may lodge their complaint directly to the MA. The complaint is proceeded in accordance with the complaint procedures, as described in detail in the programme manual.

A task force for the examination of complaints is the only body that is entitled to review complaints against the programme authorities' decisions. Such a task force is selected by the MC for each application round before the respective call is opened. The task force comprises representatives of the national authorities, lawyer(s) and representatives of the MA and JS. The MA acts as chair of the task force. External experts and representatives of other programme authorities, etc., are used where necessary.

The decision by the task force is final, binding to all parties and is not subject of any further complaint proceedings within the programme based on the same grounds. The complaint procedure is without prejudice to any mechanism or process for legal redress at national level. The complaint procedure is described in detail in the programme manual.

5.5 Use of the Euro (where appropriate)

Method chosen for the conversion of expenditure incurred in another currency than the Euro

Both Member States use Euro as their official currency.

5.6 Involvement of partners

Actions taken to involve the partners referred to in Article 5 of Regulation (EU) No 1303/2013 in the preparation of the cooperation programme, and the role of those partners in the preparation and implementation of the cooperation programme, including their involvement in the monitoring committee

5.6.1 Role of the relevant partners in the preparation and implementation of Estonia-Latvia Programme 2014-2020

In coordinating the programming process, both Member States have been represented during the process by their responsible national authorities. These are the Estonian Ministry of Finance (Estonia) and the Ministry of Environmental Protection and Regional Development (Latvia).

The responsible national authorities have been represented in the Joint Programming Committee (JPC) and also at the content working group. In addition to these representatives, regional representatives or social and economic partners also participate in the JPC. The partners have been nominated by the responsible national authority for each Member State.

A wide involvement and the active participation of partners have been sought. Both experts and a wide representation from each country have been ensured. During the programme's preparation, there was exchange of information in order to ensure a coordinated and complementary approach in terms of possible fields of intervention with other "European Territorial Cooperation" and "Investment in growth and jobs" programmes. In Latvia a Consultative working group was established with the purpose of ensuring quality surveillance of the development of activity programmes of the ETC instrument for 2014-2020. In addition, relevant partners were consulted between meetings. Accessibility has been ensured by holding meetings in each country in turn. The meetings were arranged in venues with different locations around the programme area and usually in the form of one-day meetings.

A wide and experienced partnership for the programming process has been achieved through thematic seminars held in both Member States. All-in-all, the workshops attracted 170 participants, including representatives of the regional, local and other public authorities, economic and social partners and civil society bodies. Partners from projects that were funded in the period 2007-2013 as well as organisations that are new to this

cooperation process were represented. The partners have discussed the needs of and challenges raised by the programme area and have defined those topics that are relevant for cross-border cooperation in the Estonia-Latvia Programme area.

During the seminar the partners were asked to submit potential project ideas from all interested organisations. The process of gathering ideas was continued throughout the initial phase of the programming process. The ideas have been used as a demonstration of the needs of the region when defining the programme content. In addition, meetings with regional representatives of the programme area were held to discuss programme intervention logic and gain information on cooperation projects. An additional collection of potential project ideas was organised in September 2013 and received over a hundred ideas with possible action plans from, mainly, public and non-profit organisations.

Accordingly, discussions and decisions by the programme bodies have been based on the findings from the regional analysis and from input from stakeholders in thematic seminars. As these cover a wide range of issues, the expertise of the partners has been needed in order to identify the most relevant topics for any cooperation process. The intervention logic has been defined in an agreement with the JPC based on the outcomes of thematic seminars. Comments and recommendations have come from all partners and, when supported by others, have been implemented.

The *ex-ante* evaluation was launched in the first half of 2013. The JPC then decided on the selection of the *ex-ante* evaluators. Since then the evaluators have participated in the JPC and working group meetings and have provided their feedback on the process.

A public hearing was conducted during the first half of 2014 in both Member States in order to communicate and clarify the needs that the programme is addressing. Furthermore, the aim of this public hearing was to continue the dialogue and gather feedback from various partners and focus groups, as well as to increase awareness of the programme.

It is foreseen that many of the partners who are currently involved in the preparation of the cooperation programme are involved in the MC in the future. Continuity between preparation and implementation contributes to good implementation of the programme and its objectives.

5.6.2 Involvement of relevant partners in the implementation of the Estonia-Latvia Programme 2014-2020

The composition of the MC must be decided by the Member States. It consists of the representatives of the relevant authorities on both a national and regional level, as well as including economic and/or social partners and representatives of civil society from both Member States. As many of these partners have already been involved in the preparatory phase of the programme, including them in the monitoring of the implementation phase increases continuity between the programme's preparation and implementation and contributes to greater involvement and the wider visibility of the programme.

6. COORDINATION

The mechanisms that ensure effective coordination between the ERDF, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and other Union and national funding instruments, including the coordination and possible combination with the Connecting Europe Facility, the ENI, the European Development Fund (EDF) and the IPA and with the EIB, taking into account the provisions laid down in the Common Strategic Framework as set out in Annex I to Regulation (EU) No 1303/2013. Where Member States and third countries participate in cooperation programmes that include the use of ERDF appropriations for outermost regions and resources from the EDF, coordination mechanisms at the appropriate level to facilitate effective coordination in the use of these resources

The main priority areas for cooperation, which support the achievement of the goals of the Europe 2020 strategy, are based on the agreements made by the participating Member States. As the area of the European Territorial Cooperation programme includes more than one Member State, the area is taken as a whole during the programming process in order to ensure the selection of the most suitable solutions for that specific region. The Member States ensure that selected operations are complementary and do not overlap with the support that is provided under other financial instruments, especially regarding the ERDF, ESF, EAFRD and ENI programmes.

Coordination with the Baltic Sea Region Programme 2014-2020 and the Central Baltic Programme 2014-2020 is especially important, because these programmes operate in the same area as the Estonia-Latvia Programme 2014-2020 and the possibility exists of an overlapping of activities that goes hand-in-hand with a possible high level of efficiency due to the complementary nature and synergy rising from a similar choice of thematic objectives. In this regard, supporting small harbours is the most probable topic in which coordination and synergy seeking should be carried out on a regular basis with the Central Baltic Programme. In addition, the programme is looking for complementarity and synergies within the Estonian national support scheme which finance investments into the small ports.

As the Baltic Sea Region Programme, the Central Baltic Programme and the Estonia-Latvia Programme all have their information point or branch office situated in Riga, the close physical location of these employees creates the perfect grounds for regular information exchange in order to avoid double-financing, but just as importantly they create synergies between the programmes from the consultation phase of projects onwards.

In both countries the responsibility to avoid overlapping with other programmes and double-financing lies within the national responsible authorities, which establish the necessary mechanisms for carrying out such tasks.

This involvement is aiming both to avoid overlaps between the activities that are funded, as well as to foster synergies in areas, for which funding is combined from different sources. Cooperation between the various organisations that are dealing with the EU funds continues during the development and implementation phases of the measures in

order to avoid possible conflicts of interest. During the implementation phase, daily communication and collaboration take place between various institutions. The Estonia-Latvia Programme 2014-2020 is focused on the development of the socio-economic environment of the area through joint cooperation and joint activities. Those activities that are carried out separately by the Member States within the framework of mainstream programmes such as, for example, the development of infrastructure and improvement of the availability and accessibility of services, support the achievement of the goals of cross-border cooperation and partnership.

In addition to the synergy created in the combination of different instruments, the investment priorities of the programme support the goals of the Europe 2020, Estonian National Strategy on Sustainable Development “Sustainable Estonia 21” and Sustainable Development Strategy of Latvia until 2030, as regards EU funds for the period 2014–2020.

To avoid any risk of duplication and to ensure diligent use of finances, several measures are undertaken by the programme authorities. Programme manual, Rules of Procedure of the MC and decisions taken by the MC form the basis for coordination mechanisms between the bodies that are responsible for the implementation of different programme types, as well as those mechanisms that ensure the complementary nature of the work with actions that are implemented within the context of the EU Strategy for the Baltic Sea Region. When the project is labelled as contributing to the EU Strategy for the Baltic Sea Region, the project’s lead partner and the respective Priority Area Coordinator are informed (see Chapter 4.4). This helps the project to have a wider sphere of influence, which in turn strengthens the project’s results and its sustainability.

The applicants are asked to describe any links with ongoing and/or finalised related programmes, projects and activities and to explain the added value to be created through a particular project. Also, confirmation is required that the project, either in part or in whole, has not received any complementary EU funding throughout the entire project implementation period.

On the technical administration level, cooperation and information exchange activities are planned to take place in cooperation with other European Territorial Cooperation programmes. In order to avoid double financing, data of the project applications is checked against information received about projects that have been financed on mainstream programmes’ level by the ERDF, ESF and EAFRD during the assessment procedure.

In order to avoid double financing during the assessment procedure the JS checks the projects that are stored in the SFOS system, which is an operative system of Structural Funds in Estonia, including information on the projects that are financed under the ERDF, ESF and CF.

The possibility of joining the SFOS or any other IT system is included in the Estonian Structural Funds Act 2014-2020.

In terms of the EAFRD, the JS carries out checks with the Estonian Agricultural Registers and Information Board in case a project includes activities in the field of agriculture.

Similar procedures are carried out on the Latvian side through a national sub-committee, which involves representatives of competent ministries and regions that are responsible for the implementation of other national or international funding mechanisms.

As the JS is hosted by Enterprise Estonia, which is the key implementing agency in Estonia of entrepreneurship and tourism support schemes, it creates excellent conditions for complementary activities and the opportunity for working closer together between Estonia-Latvia and national support programmes. The JS coordinates its actions with relevant experts from Enterprise Estonia and also uses this experience as a blueprint for cooperation with Latvian Investment and Development Agency and the Latvian Tourism Development Agency. The national experts are consulted in connection with any submitted project ideas, they are invited (as speakers) to events that are organised by the programme, and they share information about national trends in the given fields. In the fields of raising environmental awareness and joint water management initiatives, the programme bodies cooperate with implementers of national support schemes (such as the Centre for Environmental Investments in Estonia), and ministries of environment in order to increase awareness of national trends and support national initiatives, which have a cross-border element.

The separation of functions of the employees of the JS must be defined in detail in the Description of Management and Control Systems and by the job descriptions for each of the employees. This is supported by the electronic monitoring system for projects, for which each authority has full reading access and its own distinctive writing rights in order to ensure the separation of functions between the authorities. The tasks of the AA include conducting an assessment of the programme's management and control system once it has been finalised, including the principle of the separation of functions, regardless of whether such separation is between the different functions of authorities or between authorities and beneficiaries.

7. REDUCTION OF ADMINISTRATIVE BURDEN FOR BENEFICIARIES

Summary of the assessment of the administrative burden for beneficiaries and, where necessary, the actions planned accompanied by an indicative timeframe to reduce the administrative burden.

Summary assessment of the administrative burden of beneficiaries in the period 2007-2013

In 2010 the Estonia-Latvia Programme 2007-2013 carried out a mid-term evaluation and, in addition, feedback has been collected in the form of final project reports. Among other items, the following main programme weaknesses were pointed out:

- The review of the partner and project progress reports was administratively demanding – e.g. too much additional documentation had to be submitted both to the FC and JS, the control system was duplicated, the work of FCs was slow, and there was no opportunity to submit documents electronically - and focused too much on technical management details.
- Time periods preceding the reimbursement of costs were too long, averaging six months.
- Slow cash flow and no opportunity to make advance payments.
- The financial and economic crisis weakened cash flow positions and co-funding options for prospective programme participants.
- The procedure for justifying deviations or requesting changes in project activities was too strict and bureaucratic.
- What is more, it was noticed that projects that have used the option of consulting with the JS and/or have employed external consultants have been notably more successful.

Recommendations and implemented activities to reduce the administrative burden of beneficiaries during the 2007-2013 period

Recommendations made within the framework of the mid-term evaluation to reduce the administrative burden of beneficiaries:

- Consider the possibility of simplifying and/or standardising application forms in collaboration with other territorial cooperation programmes.
- Allow projects more flexibility in the reallocation of financial resources between the cost categories and partners, provided that the specific targets that have been set out in the contract are met. If a certain public procurement or other activity has ended with lower costs than planned, projects should have the opportunity to use the respective resources for other tasks.
- Allow for more flexibility in project management activities. They focus on the achievement of project objectives, while paying less attention to the means to an end such as, for instance, in the number of project management meetings held, etc.

- Introduce an online customer relationship management system to facilitate and monitor the progress of reviewing reports; and they introduce reasonably short deadlines for feedback on the projects.

Based on the recommendations of the mid-term evaluation and the interest of the programme authorities in making the financial flow of the programme faster and reducing the level of administrative burden for project partners and programme authorities, the following steps have been taken during the implementation of the Estonia-Latvia Programme 2007-2013:

- A pre-payment system has been introduced;
- A flat rate approach has been introduced for reporting administrative costs;
- The project application form has been simplified for smaller projects;
- Partner and progress report forms and the proceedings of those forms have been simplified;
- More flexibility is now allowed in project management activities;
- The procedures for requesting changes in project activities and budget re-allocation has been simplified.

Activities to reduce the administrative burden on beneficiaries during the 2014-2020 period

In addition to the activities already introduced during the previous programme, which are also used in the 2014-2020 period, the programme authorities do their best to introduce, at the least, the following simplification measures and continue to search for other means to further reduce the administrative burden:

- Using an electronic monitoring system for the programme. This is a paper-free application and reporting system, which allows beneficiaries to submit all of the information to programme authorities only once, reducing the administrative burden and ensuring smoother communications between the applicants and programme authorities, including the electronic submission of partner reports to financial controllers. The system, which has been identified as the first choice by the programme, is developed by the Interact for ETC programmes as an open-source monitoring system with a communication portal and it can be used on the basis of modules. The system is operational from the end of 2015.
- Introducing standardised application and reporting forms in collaboration with other territorial cooperation programmes in the area, using the best practice from the previous Estonia-Latvia programme and the HIT (harmonised implementation tools) templates elaborated by the Interact for financial and programme management by autumn 2015.
- Establishing the use of simplified cost options with the decision by the MC. Simplified cost options are available for projects from the 1st call of proposals to make reporting and control procedures faster and more efficient. Simplified cost options include a flat rate approach for reporting administrative costs and lump sums, which may be used for simplifying the preparation costs. In addition, sample-based checking is considered in 2016-2017 after checking a sufficient number of partner reports. The eligibility of simplified cost options is established

on the basis of Articles 67 and 68 of the Regulation (EU) No 1303/2013 and Commission Delegated Regulation (EU) No 481/2014.

- Allowing more flexibility in the approved project activities and budget in order to reduce the number of project changes with a mostly technical nature by the first call for proposals. These measures might include overspending budget lines to a certain percentage of the budget line without submitting an official request for changes and avoiding strict reporting in milestones.

Detailed explanations about implementing the aforementioned measures are provided in the programme manual.

8. HORIZONTAL PRINCIPLES

8.1 Sustainable development

Description of specific actions to take into account environmental protection requirements, resource efficiency, climate change mitigation and adaptation, disaster resilience and risk prevention and management, in the selection of operations.

Sustainable development is taken into account as a horizontal principle throughout the whole process of programme implementation. Guidance on the requirements and methods of assessment are provided in the programme manual. Projects with a direct negative impact on the environment and on sustainable development are not funded.

Priority Axis 2: ‘Clean and valued living environment’, specifically Objectives 2.2 and 2.3, focuses directly on resource efficiency and environmentally-friendly behaviour. Therefore, projects that are funded under this priority have to clearly demonstrate a direct positive and integrative impact on the sustainable development of their regions. Projects that fail to demonstrate this clear contribution for improving regional sustainable development policies are not selected. Projects are reviewed from the viewpoint of their impact on climate change. Climate change mitigation and adaptation is important in order to prevent any negative impact on the natural and cultural heritage and on the ecosystem.

The programme’s other priority axes focus on developing an active and attractive business environment (Priority 1), a better network of harbours (Priority 3) and an integrated labour market (Priority 4), thereby also addressing aspects of sustainable development.

The Estonia-Latvia Programme encourages the application of the issue of sustainability to all aspects of project management. The lead partners are asked to consider the most sustainable and nature-friendly use of all resources that are used in implementing projects. This applies to dissemination materials, print-outs, meetings, modes of communication, etc. While journeys are an essential part of cross-border activities, the programme’s beneficiaries are encouraged to use alternative modes of interaction that do not require travelling whenever possible, or to choose the most sustainable travel mode.

8.2 Equal opportunities and non-discrimination

Description of the specific actions to promote equal opportunities and prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the preparation, design and implementation of the cooperation programme and, in particular, in relation to access to funding, taking account of the needs of the various target groups at risk of such discrimination, and in particular, the requirements of ensuring accessibility for persons with disabilities.

The measures under all priorities in the Estonia-Latvia Programme are targeted at people of all age groups and genders. Equal opportunities and the prevention of any discrimination that is based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation are important principles in all programme stages. They must be applied in the programme's implementation, as well as in the selection and implementation of individual projects.

The programme expects the principles of equal opportunities to be considered at all levels of the project cycle while dealing with aspects of social inclusion, solidarity between generations, people-to-people contact building, inclusive design of the living environment, access to ICT services and training activities in all priorities. The promotion of equal opportunities and non-discrimination is regarded, among other horizontal policies, as being a positive factor in those projects that are selected for funding.

As a general approach, all projects are requested to integrate these horizontal issues into their activities or, at least, to consider the project's influence on them.

Projects with a direct negative impact on equal opportunities and anti-discrimination are not approved. Guidance on the requirements is provided in the programme manual.

Projects that directly support equal opportunities and anti-discrimination are especially foreseen under priority axis 4: 'Integrated labour market'. Activities related to the linking and integrating of isolated cross-border urban area under priority axis 2 also serve to support cross-border mobility and therefore indirectly address equal opportunities and anti-discrimination by indirectly providing opportunities for improving the quality and accessibility of services, skills training and jobs.

8.3 Equality between men and women

Description of the contribution of the cooperation programme to the promotion of equality between men and women and, where appropriate, the arrangements to ensure the integration of the gender perspective at cooperation programme and operation level.

In addition to the general principle of anti-discrimination, the programme pays attention to equality between men and women. The programme considers gender equality as a positive factor.

This principle is considered for all projects and priorities. Equality between men and women is also considered in programme implementation such as, for example, when recruiting staff and in the personnel policy.

The gender equality contribution to the horizontal principles is foreseen as an assessment criterion. Projects with a negative impact on equality between men and women are not approved.

9. SEPERATE ELEMENTS

9.1 Major projects to be implemented during the programming period

Table 23: List of major projects

Project	Planned notification / submission date (year, quarter)	Planned start of implementation (year, quarter)	Planned completion date (year, quarter)	Priority axes / Investment priorities
---------	--	---	---	---------------------------------------

9.2 Performance framework of the cooperation programme

Table 24: Performance framework (summary table)

Priority axis	ID	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)
1 - ACTIVE AND ATTRACTIVE BUSINESS ENVIRONMENT	03	Approved projects	Number	10	
1 - ACTIVE AND ATTRACTIVE BUSINESS ENVIRONMENT	F01	Expenditure, priority axis 1	€	2,514,380.00	13,374,340.00
1 - ACTIVE AND ATTRACTIVE BUSINESS ENVIRONMENT	O03	Joint products and services developed in cooperation	Number	0	12.00
1 - ACTIVE AND ATTRACTIVE BUSINESS ENVIRONMENT	O04	Joint marketing activities	Number	0	12.00
2 - CLEAN AND VALUED LIVING ENVIRONMENT	03	Approved projects	Number	9	
2 - CLEAN AND VALUED LIVING ENVIRONMENT	F02	Expenditure, priority axis 2	€	3,018,127.00	16,053,871.00
2 - CLEAN AND VALUED LIVING ENVIRONMENT	O21	Improved and revitalised cross-border joint urban area	Square meter	0.00	18,000.00
2 - CLEAN AND VALUED LIVING ENVIRONMENT	O07	(Sets of) products or services that are created based on cultural or natural heritage	Number	0	7.00
2 - CLEAN AND VALUED LIVING ENVIRONMENT	O10	Public campaigns that are targeted at environmentally-friendlier behaviour	Number	0	6.00
2 - CLEAN AND VALUED LIVING ENVIRONMENT	O11	Joint management initiatives for water or coastal areas	Number	0	5.00
3 - BETTER NETWORK OF HARBOURS	03	Approved projects	Number	1	
3 - BETTER NETWORK OF HARBOURS	01	Small harbours within approved projects aimed at improving those harbours	Number	10	

Priority axis	ID	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)
3 - BETTER NETWORK OF HARBOURS	F03	Expenditure, priority axis 3	€	2,064,480.00	10,981,275.00
3 - BETTER NETWORK OF HARBOURS	O13	Small harbours with improved services	Number	0	17.00
4 - INTEGRATED LABOUR MARKET	03	Approved projects	Number	1	
4 - INTEGRATED LABOUR MARKET	F04	Expenditure, priority axis 4	€	223,649.00	1,189,626.00
4 - INTEGRATED LABOUR MARKET	O14	New and/or improved services for job seekers and/or job providers	Number	0	2.00

9.3 Relevant partners involved in the preparation of the cooperation programme

List of relevant partners involved in the preparation of the cooperation programme

1. Responsible national authorities participating in the Joint Programming Committee:

- The Estonian Ministry of Finance (Estonia);
- The Ministry of Environmental Protection and Regional Development (Latvia);

2. Representatives of other national authorities, regional representatives, or social and economic partners who are nominated by the responsible authorities to participate in the Joint Programming Committee and task force working groups:

- Estonia - the Ministry of Economic Affairs and Communications, Pärnu County Government, Valga County Government;
- Latvia - Kurzeme Planning Region, Riga Planning Region, Vidzeme Planning Region.

3. A broad partnership in five thematic seminars (on education, transport and accessibility, the environment, entrepreneurship, the labour market and life-long learning) in both Member States including representatives of all municipalities from within the programme area; the University of Tartu, the University of Latvia, four university colleges, four research centres, seven vocational education institutions; four county business support centres in Estonia; Associations of Local Authorities of Pärnu and Viljandi Counties, the Latvian Association of Local and Regional Governments, the Estonian Chamber of Commerce and Industry, the Latvian Chamber of Commerce and Industry, the Estonian Environmental Board, the Estonian Road Administration, the Estonian Rural Tourism Organisation NGO, Latvia State Roads, the State Employment Agency of Latvia, the Estonian Unemployment Insurance Fund, project beneficiaries from the 2007-2013 programme period and organisations that are new to this cooperation. The workshops attracted more than 170 participants from Estonia and Latvia.

4. Meetings with sector representatives and specialists from the transport, environmental, energy, educational, employment, and business sectors.

5. Sessions and/or seminars with the Joint Technical Secretariat of the Estonia-Latvia Programme 2007-2013.

6. Consultations with the ex-ante evaluators' team.

7. Collecting potential cooperation project ideas in summer 2013 for indicating the potential activities that are to be supported with more than a hundred ideas submitted from more than fifty organisations representing governmental, non-governmental and private sector bodies.

More information on the involvement of partners during the preparation of the programme is included in Section 5.6.

9.4 Applicable programme implementation conditions governing the financial management, programming, monitoring, evaluation and control of the participation of third countries in transnational and interregional programmes through a contribution of ENI and IPA resources

Documents

Document title	Document type	Document date	Local reference	Commission reference	Files	Sent date	Sent By
Cover letter	Supplementary information	20-Nov-2015			Cover letter	20-Nov-2015	nroomean
Setting SO 2 3 (Valga-Valka) result indicator baselines and targets	Supplementary information	20-Nov-2015			Setting SO 2 3 (Valga-Valka) result indicator baselines and targets	20-Nov-2015	nroomean
Annex 1 List of Abbreviations	Supplementary information	20-Nov-2015			Annex 1 List of Abbreviations	20-Nov-2015	nroomean
Annex 2 References	Supplementary information	20-Nov-2015			Annex 2 References	20-Nov-2015	nroomean
Annex 3 The programme's thematic objectives, priority axes and specific objectives	Supplementary information	20-Nov-2015			Annex 3 The programme's thematic objectives, priority axes and specific objectives	20-Nov-2015	nroomean
Agreement to the OP and National Co-financing (Latvia)	Confirmation of agreement in writing to the contents of the cooperation programme	30-Oct-2014			Agreement to the OP and National Co-financing (Latvia)	20-Nov-2015	nroomean

Submitted annexes by the Commission implementing regulation laying down the model of the programme

Document title	Document type	Programme version	Document date	Local reference	Commission reference	Files	Sent date	Sent By
Evaluation Report	Report of the ex-ante evaluation	1.0	03-Jun-2014		Ares(2014)371019 3	Evaluation Report	07-Nov-2014	nroomean

Document title	Document type	Programme version	Document date	Local reference	Commission reference	Files	Sent date	Sent By
Programme Snapshot 2014TC16RFCB050 1.3	Snapshot of data before send	1.3	20-Nov-2015			Programme Snapshot 2014TC16RFCB050 1.3 et	20-Nov-2015	nroomean
Agreement to the OP and National Co-financing (Latvia)	Confirmation of agreement in writing to the contents of the cooperation programme	1.3	30-Oct-2014			Agreement to the OP and National Co-financing (Latvia)	20-Nov-2015	nroomean
Map of the programme area	A map of the area covered by the cooperation programme	1.2	01-Oct-2014		Ares(2015)3873740	Map of the programme area	18-Sep-2015	nroomean