

**Annual Programme Report**  
**EEA Financial Mechanism 2009-2014 Programme “National Climate Policy”**  
**Reporting period - 2014**

Checklist questions before submitting the Annual Programme Report	YES	NO
Does the executive summary serve as a stand-alone document?	x	
Does this report provide analyses on how activities so far have contributed to progress towards targeted results using agreed output and outcome indicators?	x	
Have successful bilateral achievements been highlighted?	x	
Have all the sections in the Annual Programme Report been addressed, including any relevant horizontal concerns?	x	

### ***1. Executive summary***

The objective of the Programme “National Climate Policy” is to support Latvia in developing a comprehensive national climate policy covering the non-Emission Trading System (hereinafter – ETS) sector as regards emissions, and all sectors as regards adaptation. Within Programme it is planned to strengthen Latvian institutional capacity in national climate policy development and implementation including information analyses, scenario development, society involvement, policy analyses and development of documents for integrated climate change mitigation and adaptation to climate change management.

During the reporting period Latvia’s Environmental Policy Strategy 2014-2020 was adopted. Strategy is the national level planning document for the environmental sector that includes directions for low-carbon policies development, low-carbon technology implementation and sustainable land management in farming. In IV quarter, 2014 the European Council approved the 2030 Framework for Climate and Energy with objectives to be met by 2030 and European Union (hereinafter – EU) member states reached the agreement to achieve the joint target of 40% emission reduction comparing to the year 1990 together with the other main building blocks of the framework. Additionally Latvia will hold the Presidency of the Council of the European Union in the 1<sup>st</sup> half of 2015 and during year 2014 Latvia defined following presidency’s priorities in the field of climate - international climate change negotiations, strengthening of the EU emission trading system and development of further steps of 2030 Climate and Energy framework. The Programme measures will help to prepare for the new commitments.

In 2014 two calls for proposals were carried out – open call “Emission reduction technologies including renewable energy, sustainable buildings and technology development” (hereinafter – open call) and small grant scheme “Capacity Building in the Field of Research and Measures for Enhancing Society’s Understanding about Climate Change and its Consequences” (hereinafter – small grant scheme).

The launch of open call was announced on 8 April and concluded on 8 October and as a result 23 project applications were received. The Selection Committee of open call made the decision that 12 project applications complied with the administrative evaluation criteria and were evaluated according to the quality criteria. According to the project selection results of open call in total seven project applications was approved with conditions for financing under open call.

The launch of the small grant scheme was announced on 20 June and concluded on 19 of September and as a result 63 project applications were received. According to the decision of the Selection Committee of small grant scheme 33 project applications complied with the eligibility evaluation criteria and were evaluated according to the quality criteria. According to the project selection results in total 12 project applications were recommended with conditions by the Selection Committee for financing under small grant scheme.

The final results of the small grant scheme and open call will be available in the I quarter of 2015. Fulfilment of conditions and signing of the projects contracts is planned in February/March 2015.

In I quarter 2014 the Programme Operator (hereinafter – PO) ensured evaluation of both Programme’s pre-defined projects in accordance to the eligibility and quality evaluation criteria. The projects’ contracts were signed by the 1 July 2014. In the III quarter pre-defined Projects Promoter started implementation of planned activities within projects. During reporting period progress towards achievement of output’s „Increasing the capacity of experts taking part in the inventory preparation process” targets was made and in October in Oslo two of planned five experience exchange events were organized.

In year 2014 the PO has organized three events under Fund for Bilateral Relations “A” measure on promoting the search for project partners – two partner search forums and one partnership event for potential project applicants to promote the involvement of project partners from EEA Grants Donor States during the development of project applications. According to open call and small grants results at least one project partner from the Donor States has been included in 30% of all submitted open call projects having a project partner from the Donor States and 51% of all submitted small grant scheme projects.

Additionally, the PO in October 2014 organized complimentary action - experience exchange event with the Regional Environment Center for Central and Eastern Europe (hereinafter – REC) on subjects related to EEA Grants Programme management and climate policy implementation. This complementary action contributed towards strengthening bilateral cooperation between both countries and establishment of contacts for further cooperation in research studies and organization of training seminars. This complementary action also provided better understanding about EEA Grants climate programme implementation and monitoring in other EEA Grants Beneficiary States. The PO as well participated in the Financial Mechanism Office (hereinafter – FMO) training on irregularities on 4 December 2014 in Tallinn, Estonia that provided better understanding on identifying and reporting on irregularities.

The main challenge of the Programme is to ensure achievement of Programme outcome and output indicators. Assessing the selection results, the PO sees risk that not all defined indicators targets could be achieved in full amount. The small grant scheme financing available under support area II is only sufficient to finance three of planned seven projects on climate research methodologies because required financing for implementation of each project is close to maximum of available financing for one project. Within open call, two of planned three project applications on innovative low carbon technologies were approved with conditions, lower number of projects on renewable energy technologies than planned were approved with conditions and no projects were approved related to reconstruction activities. Final results of open call and small grant scheme will be available after fulfilment of conditions and signing of project contracts in February/March 2015.

## **2. Programme area specific developments**

The Programme has been developed in the framework of priority “Climate Change and Renewable Energy” and priority “Environmental Protection and Management” in compliance with the Programme area “Adaptation to Climate Change” and Programme area “Environmental Monitoring

and Integrated Planning and Control". Within Programme it is planned to strengthen Latvian institutional capacity in national climate policy development and implementation including information analyses, scenario development, society involvement, policy analyses and development of documents for integrated management of climate change mitigation and adaptation to climate change.

During the reporting period several important documents in the Programme area were developed and adopted. Latvia's Environmental Policy Strategy 2014-2020 was adopted on 26 March 2014. Strategy is the national level planning document for the environmental sector that includes directions for low-carbon policies development, low-carbon technology implementation and sustainable land management in farming. Strategy states the following main directions of activities to be supported by the state: introduction of new technologies and best available techniques to reduce emissions in all sectors of the national economy and also households, improvement of rational and effective use of energy resources, especially in districts heating systems (promotion of cogeneration) and improvement of energy efficiency of buildings (what would lead to the less use of energy and consequently – less pollution), promotion of use of renewable energy resources, promotion of public information and awareness about their energy consumptions patterns and heating systems related impacts on the air quality etc.

On 24 October 2014 the European Council approved the 2030 Framework for Climate and Energy with objectives to be met by 2030 and EU member states reached the agreement to achieve the joint target of 40% emission reduction comparing to the year 1990 together with the other main building blocks of the framework.

The 2030 framework as proposed by the Commission in January 2014 builds on the experience of, and lessons learnt from, the 2020 Climate and Energy Framework. It also takes into account the longer term perspective set out by the Commission in 2011 in the Roadmap for moving to a competitive low carbon economy in 2050, the Energy Roadmap 2050 and the Transport White Paper. These documents reflect the EU's goal of reducing greenhouse gas emissions by 80-95% below 1990 levels by 2050 as part of the effort needed from developed countries as a group. This 2030 policy framework aims to make the European Union's economy and energy system more competitive, secure and sustainable and also sets a target of at least 27% for renewable energy and energy savings by 2030.

The above mentioned changes do not prevent the achievement of the Programme objective. The determined aims of Programme will help to prepare for the new commitments. Adoption of 2030 framework for Latvia will be very challenging because GHG reduction targets should be below measures of GHG emission level in 2005 not 1990 (as it was in previous planning documents) when Latvia had advantages due to rapid decrease of manufacturing after 1990. For Latvia key source of emissions are non ETS activities such as agriculture and transport where the reduction is problematic and more expensive.

Latvia will hold the Presidency of the Council of the European Union in the 1<sup>st</sup> half of 2015 and during year 2014 Latvia defined following priorities in the field of climate:

**1. International Climate Change negotiations;**

Within the 1<sup>st</sup> half of 2015 Latvia foresees active preparatory work towards the Paris Climate Change Conference (December 2015) where the 2015 climate agreement has to be adopted.

Recent endorsement of a binding 40 per cent greenhouse gas (GHG) emissions reduction target by the European Council is important issue. That allows the EU again to be seen as a leader in international area and engage actively in the UN climate talks.

The Latvian Presidency will facilitate the preparatory process within the EU and provide support as necessary in international climate negotiations to allow achieving progress.

Also the political debate within the Environmental Council is planned which provides further

guidelines of the international climate change issues.

The particular attention is to be paid to the EU's submission on EU's post-2020 emission reduction contributions (or so-called *INDC* submission). In this regard political debates and formal adoption of the EU and its Member States contributions are foreseen in March Environment Minister's Council meeting

## **2. Strengthening of the EU emission trading system;**

Functioning market will allow achieving EU's climate goals in a cost efficient way and make the EU economy more competitive.

The proposed decision on Market Stability Reserve will give much needed credibility to the ETS and will help to ensure an adequate carbon price signal to promote investments.

An adequate carbon price signal is necessary to promote investments in modernisation, transition to low carbon technologies and greater energy efficiency.

There is an urgent need to improve the operation of the EU emission trading system and establishing a Market Stability Reserve is of crucial importance.

Latvia's presidency will strive to reach an agreement on the most important opinions. There are still many challenges facing the Latvia presidency on this file. These include deciding the starting year for the operation of the reserve and how to deal with back-loaded allowances.

Also the readiness of the European Parliament to start negotiations with the Council in early spring is an important aspect.

Latvia's presidency will put maximum efforts to finalise the negotiations on this proposal.

We are looking for close collaboration between the Commission and the Presidency in order to ensure smooth and constructive negotiations.

## **3. Development of further steps of 2030 Climate and Energy framework.**

With the European Council conclusions on 2030 Climate and Energy Policy Framework an important agreement was reached on main principles and building blocks of climate and energy policy for post-2020 period. Still many elements require further elaboration. Some Member States have already started informal discussions on effort sharing calculations.

### **3. Reporting on outputs**

The programme outputs of the open call are:

- Number of energy efficiency projects implemented – 3;
- Level of energy consumption assessed for buildings as result of implementation of energy saving technologies does not exceed 25 (kWh/m<sup>2</sup>/year);
- Average planned emission savings calculated (tonnes CO<sub>2</sub>/year) – from 300 to 500;
- Number of innovative low carbon technologies projects implemented – 3;
- Total emission reduction calculated (tonnes CO<sub>2</sub>/year) – up to 4300.

The following support areas are defined within the open call:

1. Implementation of energy efficiency measures and installation of renewable energy technologies by performing construction of low-energy buildings, as well as reconstruction of existing buildings;
2. Use of renewable energy technologies for heat and electricity production;
3. Establishment, testing and demonstrating of innovative products and technologies for the reduction of greenhouse gas emissions in non-Emissions Trading System.

In the IV quarter of year 2014 two Selection Committee meetings were carried out – 1<sup>st</sup> meeting on 2 December where projects compliance with the administrative criteria were evaluated and the 2<sup>nd</sup> meeting was held on 16 December where the projects were evaluated according to the quality criteria taking into account assessments that were prepared by impartial experts. The Selection Committee made their decision on approval of project applications with conditions on 16 December 2014.

According to the results of the open call project selection, within support area I it is expected that the planned three project contracts on energy efficiency projects implementation will be signed if defined conditions will be fulfilled. All approved projects provides construction of new energy efficiency buildings. According to the submitted projects applications of the open call, the energy consumption was planned not exceeding 25 kWh/m<sup>2</sup>/year in all projects where construction of low energy buildings or reconstruction of existing buildings were planned and within three approved projects with conditions it is planned to achieve even higher energy efficiency level.

Regarding the output target of support area II on the average planned emission savings (from 300 – 500 tonnes/CO<sub>2</sub>/year) there is a risk that it could not be achieved in full amount because smaller amount of renewable energy project applications were submitted and approved with conditions within financing available than it was planned.

It is also highly possible that the output target indicator of support area III on the three innovative low carbon technologies projects could not be achieved because only two project applications on implementation of innovative low carbon technologies was approved with conditions.

The PO sees risk that output indicator – emission reduction to 4300 tonnes/CO<sub>2</sub>/year - will not be achieved in full amount because smaller amount of renewable energy project applications were approved than it was planned, there were no projects selected related to the reconstruction activities and only two of planned three project applications on innovative low carbon technologies were approved. It is also necessary to take into account that all approved project applications included conditions. Considering that there is not enough time left for launch of the 2<sup>nd</sup> round of open call and to ensure the implementation of projects till 30 of April, 2016 the surplus financing from support areas II and III of the open call will be transferred for projects within support area I according to the guidelines of open call.

The final results of the open call projects selection and the exact number of financed projects will be available in the I quarter of 2015 after the final decision about fulfilment of defined conditions and signing of projects contracts.

The Programme outputs related to the small grant scheme are:

- developed four professional educational program modules on climate change adaptation,
- carried out 12 information and planning events (seminars and campaigns),
- implemented seven researches on climate research methodologies, Indicator systems and horizontal issues.

The following support areas are defined within the small grant scheme:

1. Measures to enhance society's understanding and knowledge on climate change:
  - 1.1. Awareness raising through developing educational programme modules and developing and organizing of learning courses on climate changes;
  - 1.2. Organizing of educational projects and informative campaigns to enhance society's understanding and knowledge on climate changes;
2. Capacity building through applied research on mitigation of climate change.

Within implementation of the small grant scheme the 1<sup>st</sup> Selection Committee meeting was carried out on 7 November 2014 where projects compliance with the eligibility criteria were evaluated and the 2<sup>nd</sup> meeting was held on 19 December 2014 where the projects quality was evaluated according to the quality criteria taking into account assessments that were prepared by impartial experts. The selection of projects applications concluded on 19 December 2014 and decision on approved project applications will be made in January, 2015.

According to the results of the project selection and available financing, it is expected that within support area I “Measures to enhance society’s understanding and knowledge on climate change” output target related to the development of four educational programme modules could be achieved, because the Selection Committee within available financing under support area I recommended higher number of project applications for positive appraisal with conditions than it was planned and as well output target on organizing of 12 information and planning events could be achieved.

The output – seven researches on climate research methodologies, indicator systems and horizontal issues – will not be carried out in the planned amount. The selection results show that available financing is sufficient to finance three projects under support area “Capacity building through applied research on mitigation of climate change” considering that required financing for implementation of each project is close to maximum of available financing for one project. The total average costs of all projects under support area II ~1,7 times exceeds the planned average costs calculated before therefore the financing is sufficient only for implementation of three projects.

The final results of the small grant scheme and the exact number of financed projects will be available in the I quarter of 2015 after the decision about fulfilment of defined conditions and signing of projects contracts.

3.2. Within the framework of Programme two pre-defined projects are being implemented - „Development of Proposal for National Adaption Strategy, including Identification of Scientific Data, Measures for Adapting to Changing Climate, Impact and Cost Evaluation” (hereinafter – Adaptation pre-defined project) and “Development of the National System for Greenhouse Gas Inventory and Evaluation and Reporting on Policies, Measures and Projections” (hereinafter – Inventory pre-defined project). Project Promoter of both pre-defined projects is the Ministry of Environmental Protection and Regional Development of the Republic of Latvia (hereinafter – MoEPRD) and both pre-defined projects have project partners from Norway - the Adaptation pre-defined project is being implemented in cooperation with the Norwegian Directorate for Civil Protection and Inventory pre-defined project is being implemented in cooperation with Norwegian Environment Agency. Pre-defined projects’ applications were submitted on 16 December, 2013. The PO developed procedures for evaluation of the pre-defined projects and established Evaluation Committee. In accordance with the paragraph 3 of Annex I of the Programme Agreement the PO also selected independent external experts to appraise both pre-defined projects. The evaluation of the pre-defined project applications in accordance to the eligibility and quality evaluation criteria started on 7 January of 2014 and was carried out during the I quarter of year 2014 and after assessment of evaluation results the National Focal Point (hereinafter – NFP) sent information to the FMO about positive appraisal of Adaptation pre-defined project on 26 March 2014 and about positive appraisal of Inventory pre-defined project on 3 April 2014. The Adaptation pre-defined project contract was signed on 16 June 2014 and Inventory pre-defined project contract was signed on 1 July 2014.

After signing of project contracts started implementation of both pre-defined projects. To introduce the Programme target groups and society of the pre-defined projects objectives, activities and expected results on 26 November 2014 the opening conference of the Programme’s pre-defined projects was held in Riga. During the conference experts from Latvia and Donor States provided relevant information on climate change, Latvia’s climate policy and the future development and improvement of it. As well the information on the progress of projects implementation was provided to the participants of the conference. Additionally Adaptation pre-defined Project Promoter on December 2014 prepared and published publication in the Latvian “green lifestyle” magazine “Vides Vēstis” to inform wider public about project objective, planned activities and results of the project.

Within both pre-defined projects extensive development of documentation for procurements and technical specifications were made and as a result started implementation of projects activities. As

most relevant within Adaptation pre-defined project could be mentioned starting of development of climate change and impact scenario for 2050 – 2100, research for maritime spatial planning, development of National climate change and adaptation web-platform and development of flood risk maps for river basins of Gauja, Lielupe and Venta. Within Inventory pre-defined project started implementation of researches in the field of greenhouse gas (hereinafter – GHG) inventory improvement and emission reduction policy from waste management sector and development of integrated database.

In October progress towards achievement of output’s „Increasing the capacity of experts taking part in the inventory preparation process” targets was made and on 27 - 30 October 2014 in Oslo two Experience exchange events were held – one seminar about national inventory system of Norway and Latvia where participated 15 experts from Latvia and 15 experts from Norway and one seminar about agriculture and forestry sectors where participated nine experts from Latvia and eight experts from Norway. Seminars enhanced knowledge of Latvian experts on topics about inventory system improvements and different approaches and GHG emission inventory in agriculture and forestry sectors and facilitated experience exchange between Latvian and Donor States institutions.

During reporting period most of pre-defined projects activities was in the beginning phase of implementation considering that their implementation started in III quarter of reporting year. Within Inventory pre-defined project two of planned five experience exchange events were organized and progress towards achievement of output indicator “Conferences, training seminars and other experience sharing events carried out to increase the capacity of Latvian inventory experts” was made.

3.3. The launch of the small grant scheme was announced on 20 June and concluded on 19 September and as a result 63 project applications were submitted to the State Regional Development Agency (hereinafter – Agency). According to the Selection Committee decision, 33 project applications were in compliance with the eligibility criteria and were evaluated in accordance with the quality criteria. After quality evaluation of project applications, project applications were ranked in priority list according to the score received. According to the project selection results the financing will be sufficient to finance implementation of 12 projects. The final results of the small grant scheme and the exact number of financed projects will be available in the I quarter of 2015 after the final decision about fulfilment of defined conditions and signing of projects contracts.

Taking into account that the final results of open call and small grant scheme will be available after signing of project contracts, the previous mentioned information of projects to be financed could be modified.

#### 4. Reporting on Programme outcome(s)

According to the Programme work plan during reporting period progress towards achievement of outcome indicators was not planned. Implementation of projects within open call and small grant scheme will start in year 2015 and implementation of pre-defined projects started in III quarter of year 2014, therefore results are planned in 2016.

Outcome 1: Developed strategies and measures for adapting to a changing climate			
Outcome Standard Indicator	Baseline	Target	Achieved
Number of adaptation strategies developed at national level	0	1	0
Outcome Custom Indicator	Baseline	Target	Achieved

Increased state institution, local municipality's and public awareness on climate change and adaptation issues (%)	0	30	0
<b>Output 1: Developed proposal for national adaptation strategy</b>			
<b>Output indicators</b>	<b>Baseline</b>	<b>Target</b>	<b>Achieved</b>
Developed climate change and impact scenario for 2050 - 2100	0	1	0
Developed reports on indicators, risks and adaptation measures	1	13	0
<b>Output 2: Improved capacity on climate change research</b>			
<b>Output indicators</b>	<b>Baseline</b>	<b>Target</b>	<b>Achieved</b>
Implemented researches on climate research methodologies, indicator systems and horizontal issues	0	7	0
<b>Output 3: Enhanced society's knowledge about climate change</b>			
<b>Output indicators</b>	<b>Baseline</b>	<b>Target</b>	<b>Achieved</b>
Developed professional education programme modules on climate change and adaptation.	0	4	0
Information and planning events (seminars and campaigns) carried out	0	12	0

Within Outcome 1 it is planned to achieve Outcome standard indicator – development of proposal for adaptation strategy in national level and Outcome custom indicator - increased state institution, local municipality's and public awareness on climate change and adaptation issues by 30%. The Outcome 1 should be achieved by successfully implementing the Adaptation pre-defined project's activities and reaching planned targets of output indicators within small grant scheme, but considering that implementation of small grant scheme projects will start in 2015 and implementation of Adaptation pre-defined project's activities during 2014 was in beginning phase of implementation results of outcome standard and custom indicators within Outcome 1 are planned in 2016. It is planned to achieve outcome standard and outcome custom indicators in 2016. To measure the Outcome custom indicator – Increased state institution, local municipality's and public awareness on climate change and adaptation issues by 30%, the PO will provide studies in following years to measure increase of society's awareness on climate change and adaptation issues.

Regarding the achievement of Outcome 1, the PO sees, that not sufficient number of researches on climate methodologies will be implemented within small grant scheme (as indicated in section three), thus PO sees risk that it can have an impact on achievement of planned target. Considering that this risk is based on lack of financing to implement planned number of research projects the PO is not able to mitigate this risk, therefore the PO is planning to initiate discussions with the FMO about possibility to change targets according to results of small grant scheme.

<b>Outcome 2: Improved environmental information on impact, status and trends</b>			
<b>Outcome Custom Indicators</b>	<b>Baseline</b>	<b>Target</b>	<b>Achieved</b>
Improved system for environment monitoring by increasing amount of national GHG inventory improvements (%)	50	85	0
Increased quality and sufficient amount of information of the national GHG projections, measures and the policy evaluation reports (%)	30	70	0
<b>Output 1: Improved greenhouse gas inventory system</b>			
<b>Output indicators</b>	<b>Baseline</b>	<b>Target</b>	<b>Achieved</b>



Conferences, training seminars, and other experience sharing events carried out to increase the capacity of Latvian inventory experts	0	5	2
Developed integrated database for climate change and air quality data aggregation for preparing reports for different international institutions	0	1	0
Implemented studies undertaken for inventory improvement	0	4	0
<b>Output 2: Improved quality of ex-ante and ex-post evaluation of climate change policy measures</b>			
<b>Output indicators</b>	<b>Baseline</b>	<b>Target</b>	<b>Achieved</b>
Developed model system for climate change mitigation policy evaluation, including guidelines for cost assessment of different policy measures, and ex-ante and ex-post policy assessment	0	1	0
Carried out educational events for sectoral experts from institution involved in the national system for policies and measures, and projections	0	3	0
Developed unified data tool for greenhouse gas projection preparation for international reporting	0	1	0

Within Outcome 2 it is planned to achieve Outcome standard indicators – improved system for environment monitoring by increasing amount of national GHG inventory improvements from 50% to 85% and increased quality and sufficient amount of information of the national GHG projections, measures and the policy evaluation reports from 30% to 70%. The Outcome 2 will be achieved by successfully implementing the Inventory pre-defined project. During reporting period two experience sharing events were carried out therefore there were made progress towards achievement of output “Training seminars, and other experience sharing events carried out to increase the capacity of Latvian inventory experts”. Implementation of other Inventory pre-defined project’s activities is in process and there is no progress to be reported regarding achievement of targets of outcome custom indicators within Outcome 2. It is planned to achieve both outcome custom indicators in 2016.

Regarding the achievement of Outcome 2 the PO does not see relevant risks that can affect achievement of planned targets.

<b>Outcome 3: A less carbon-dependent economy</b>			
<b>Outcome Custom Indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>Achieved</b>
Expected annual decrease of greenhouse gas emissions (tonnes CO2/year)	0	4300	0
<b>Output 1: High energy saving building technologies implemented and demonstrated</b>			
<b>Output indicators</b>	<b>Baseline</b>	<b>Target</b>	<b>Achieved</b>
Energy efficiency projects implemented	0	3	0
Level of energy consumption assessed for buildings as result of implementation of energy saving technologies (kWh/m2/year)	195	25	0
<b>Output 2: Renewable energy projects implemented</b>			
<b>Output indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>Achieved</b>
Average planned emission savings calculated (tonnes CO2/year)	300	500	0
<b>Output 3: Low carbon technologies developed and demonstrated</b>			
<b>Output indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>Achieved</b>

Innovative low carbon technologies demonstrated within the programme	0	3	0
Output 4: Expected annual decrease of greenhouse gas emissions			
<b>Output indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>Achieved</b>
Total emission reduction calculated (tonnes CO <sub>2</sub> /year)	0	4300	0

Within Outcome 3 it is planned to achieve Outcome standard indicator - expected annual decrease of greenhouse gas emissions 4300 tonnes CO<sub>2</sub>/year. The Outcome 3 shall be achieved by reaching all planned targets of output indicators within open call, but considering that implementation of open call projects will start in 2015, there is no progress to be reported regarding achievement of targets of outcome custom indicator within Outcome 3. It is planned to achieve outcome custom indicator in 2016.

Regarding the achievement of Outcome 3, after the selection results of open call the PO sees that two of planned three project applications on innovative low carbon technologies were approved with conditions and lower number of projects on renewable energy technologies than planned were approved with conditions therefore it is highly possibly that defined targets within open call will not be achieved in planned amounts. Considering that there is not enough time left for launch of the 2<sup>nd</sup> round of open call and to ensure the implementation of projects till 30 April, 2016, to mitigate risk regarding the achievement of Outcome 3 the PO will reallocate financing to projects in I support area from priority list of projects applications ranked in descending order according to the score received in the quality evaluation. After final results of open call in I quarter, 2015 the PO is planning to initiate discussions with the FMO about possibility to change targets according to results of open call.

## Progress on horizontal concerns

The Programme is contributing towards developing a comprehensive national climate policy and improved adaptation and mitigation measures that does not exclude any social groups and will positively affect all society but Programme activities does not directly contribute towards Roma inclusion and/or any of the other horizontal concerns related to fundamental values such as promoting tolerance, multicultural understanding, respect for the rights of minorities including combatting hate speech, extremism, racism, xenophobia, homophobia, anti-semitism, sexual harassment, violence against women and trafficking. During the project selection only quality of a projects was evaluated and not any other aspects of project applicants.

## 5. Project selection

The objective of the **open call** is to introduce and demonstrate low carbon solutions such as energy effective technologies for buildings, renewable energy production and other technologies that allow the CO<sub>2</sub> emission reduction in Latvia. Project applications were submitted under defined 3 support areas (see section 3).

Open call was announced by the Agency on 8 April with deadline till 8 October. During the launch of open call two informative seminars (on 18 June and 28 August 2014) were carried out with aim to inform society and potential project promoters on the regulations of the open call. The level of interest and attendance of seminars was high and during the launch of open call potential project applicants very actively asked questions related to the interpretation of regulations and filling of project application form of the open call. The project selection function is delegated to the Agency. The project selection was performed by the Selection Committee and at least two impartial experts according to the selection criteria till the end of IV quarter of 2014.

As a result 23 project applications were received from the potential project promoters:

- 15 applications under support area 1,
- 3 applications under support area 2,
- 5 applications under support area 3.

The required EEA grants financing for all submitted project applications is ~ 14,1 million euros, while available financing under open call is 5 million euros.

The chart below shows the distribution of the project applications by the type of the applicants. Most of the applications were submitted by state institutions (mostly local governments).

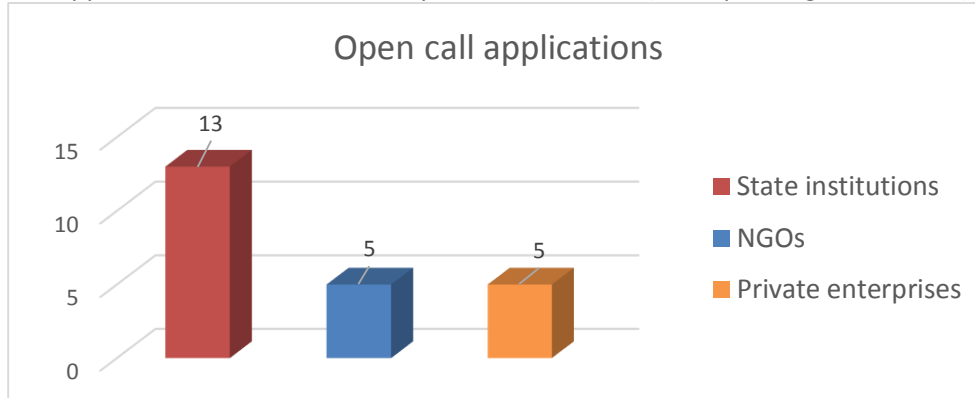


Chart 1. Project Partners by institution's status within open call

Taking into account the available financing, amount of project applications submitted and the results of the project selection, PO foresees that planned output indicators of the open call will not be achieved in planned extent. More detailed description on the outputs see in Chapter 3.1. of this report.

The Selection Committee recommended seven project applications of the open call for financing with conditions.

The objective of the **small grant scheme** is to increase the knowledge base and capacity of target groups (state institutions, local governments, NGOs, educational and scientific institutions, private enterprises) enabling society to participate in climate change mitigation and adaptation policy implementation.

The Agency announced the small grant scheme on 20 June 2014 with deadline till the 19 September. There were organized two informative seminars (on 8 August and 4 September 2014). The level of interest and attendance of seminars was high and during the launch of open call potential project applicants very actively asked questions related to the interpretation of regulations and filling of project application form of the small grant scheme. Project applications were selected according to the selection criteria by the Selection Committee and two impartial experts. It is planned that final results will be available approximately in January/February 2015 and the projects contracts will be signed in February/March 2015.

As a result of the informative events 63 project applications were received from the potential project promoters:

- 41 applications under support area 1,
- 22 applications under support area 2.

The required EEA Grants financing for all submitted project applications is ~ 6,72 million euros, while available financing is 1,72 million euros.

The chart below shows the separation of the types of project applicants. According to the results

most of the applications were prepared by NGOs and private enterprises.

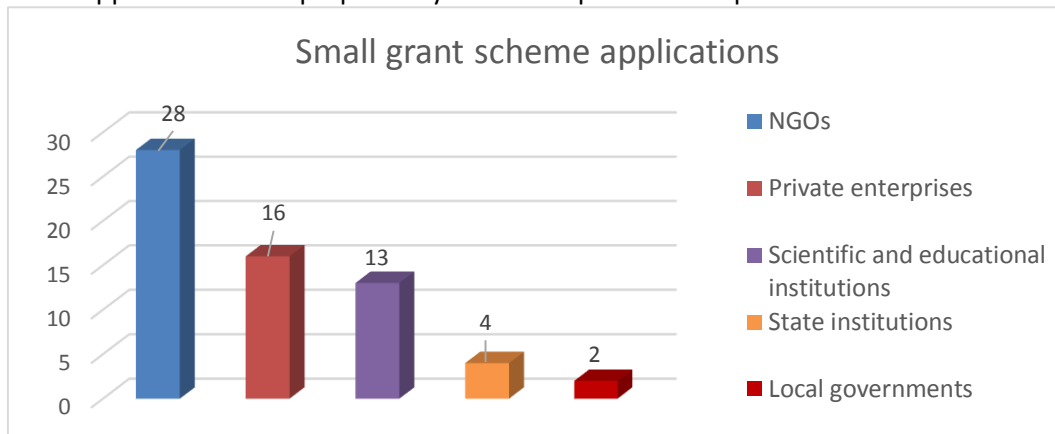


Chart 2. Project Partners by institution's status within small grant scheme

More detailed description of the achievement of outputs see in Chapter 3.1. of this report.

The Selection Committee recommended 12 project applications of the small grant scheme for financing with conditions.

At least one project partner from the Donor States has been included in seven project applications within the open call and in 32 project applications within the small grant scheme in other words 30% of all submitted open call projects have a project partner from the Donor States and 51% of all submitted small grant scheme projects.

Regarding assessment of what worked and what didn't worked within the calls for proposals PO comes to a conclusion that there was good publicity and sufficient number of informative events provided for the potential project promoters and events were well attended. Participants were representatives from different target groups of the programme (universities, local governments, NGOs, scientific institutes, state institutions, private enterprises). However, taking into account that almost ~50% of submitted project applications in both calls for proposals did not comply with the eligibility and administrative criteria, there were still some issues that were not clear for all project applicants therefore even more informative consultations on preparation on the project application should be carried out.

## 6. Progress of bilateral relations

During the reporting period the PO has organized three events under Fund for Bilateral Relations "A" measure on promoting the search for project partners prior the launch of the open call and small grant scheme – two partner search forums and one partnership event for programme potential Project Promoters. The aim of the partner search forums was to promote the involvement of project partners from EEA Grants Donor States during the development of project applications. The information about the regulations of the open call and small grant scheme was provided to potential Project Promoters and project partners in Latvian and English. The information on the upcoming partner search forums was published in the MoEPRD web-site in Latvian and English and invitations to the target groups (NGO's, educational institutions, local governments, participants of previous partner search forums held in 2013) were sent by e-mail. The information on the partnership event additionally was provided to the participants of informative seminars of small grant scheme and open call.

One partner search forum was organized on 27 May 2014 for the programme's open call project applicants. 16 Latvian institutions and 12 Norwegian institutions (among them Emisoft, Effektiv Energi AS, Norwegian Institute for Air Research, Norconsult AS, Norsk – Latvisk Handelskammer, Regional

Council for South Osterdal, Aspslan Viak AS, More and Romsdal County Authority) attended the partner search forum. In total ~ 40 participants from Latvia and Norway attended the event.

At the same time on 27 May a partner search forum was organized for the programme's small grant scheme Project Promoters that attracted 16 institutions from Latvia and four institutions from Norway (Grid -Arendal, Norsk – Latvisk Handelskammer, Bellona and Norwegian Association of Energy Suppliers and Users). In total ~ 40 participants from Latvia and Norway attended the event.

Participants of the both partner search forums presented their institution, organization or company, business sector, described profile of preferable project partner and shared their ideas on project themes. After presentations participants had an opportunity to meet other participants individually and to exchange contacts and discuss the cooperation possibilities.

The 3<sup>rd</sup> event organized by the PO under Fund for Bilateral relations was held on 10 September 2014 with aim to provide meeting possibility in Latvia for potential project applicants and project partners from the Donor States to discuss questions related to preparation of project application. In total six working groups (~25 participants) were created – that consisted of seven institutions from Latvia and seven institutions – potential project partners – from Norway (Våler kommune, Lillehammer University College, Tretorget, Portahead, Western Norway Research Institute, Bioforsk Svanhovd) and Iceland (Reykjavík City Council). After the meetings PO received good feedback from the participants because it was a great opportunity for potential project applicants to meet potential project partners in presence and to talk over different issues related to the partnership project implementation. As a result participants of five working groups submitted project application in small grant scheme or open call.

<b>Bilateral indicators</b>			
<b>Indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>Achieved</b>
Number of project partnership agreements in beneficiary civil society	0	4	0
Number of project partnership agreements in beneficiary public sector	0	9	2
Number of professional networks between institutions in beneficiary and Donor States established and operational	0	11	0
Number of articles published in one country about the other partner country	0	15	0

It is planned to achieve bilateral indicators by successfully organizing experience exchange events within Fund for Bilateral Relations and strengthening bilateral relations between Latvian and Donor States institutions through implementation of donor partnership projects within open call and small grant scheme. During the year 2014 two partnership agreements with Norwegian state institutions were signed. The MoEPRD signed the partnership agreement with the Norwegian Directorate for Civil Protection for the implementation of Adaptation pre-defined project on 2 June, 2014 and signed the partnership agreement with the Norwegian Environment Agency for the implementation of the Inventory pre-defined project on 26 June 2014.

The donor programme partners – the Norwegian Environment Agency and Norwegian Directorate for Civil Protection assistance was very significant in implementation of the measures under Fund for Bilateral Relations. The participants of the partner search forums from the Donor States were attracted in cooperation with donor programme partners. The representatives of the Norway Environment Agency and Norwegian Directorate for Civil Protection also attended the organized partner search forums.

It is planned to implement bilateral events under measure “B” in project level on networking and experience exchange in year 2015 and in 2016. The pre-defined Project Promoters have submitted two applications for bilateral event in the December 2014 and two applications in the beginning of January 2015. These bilateral events will be carried out in 2015 and beginning of 2016. The main activities of these events are the experience exchange with the experts from the Donor States on the following topics:

- peatlands management and analysis of the related greenhouse gas emission reduction potential;
- practical solutions to climate risk and vulnerability assessments;
- sea and coastal connection, climate change risks and adaption strategy determination;
- greenhouse gas emission inventory, policies and measures .

Submitted applications will be assessed and recommended for approval by the Cooperation Committee in the next Cooperation Committee meeting in I quarter 2015.

Adaptation pre-defined project has Donor Project Partner – state institution Norwegian Directorate for Civil Protection and Inventory pre-defined project has Donor Project Partner - state institution Norwegian Environment Agency. Project partners from the Donor States were involved in 32 of all submitted project applications within small grant scheme. One project application was developed in cooperation with partners from Iceland and Norway. Project applicants from Latvia established 33 partnerships (see chart No.3).

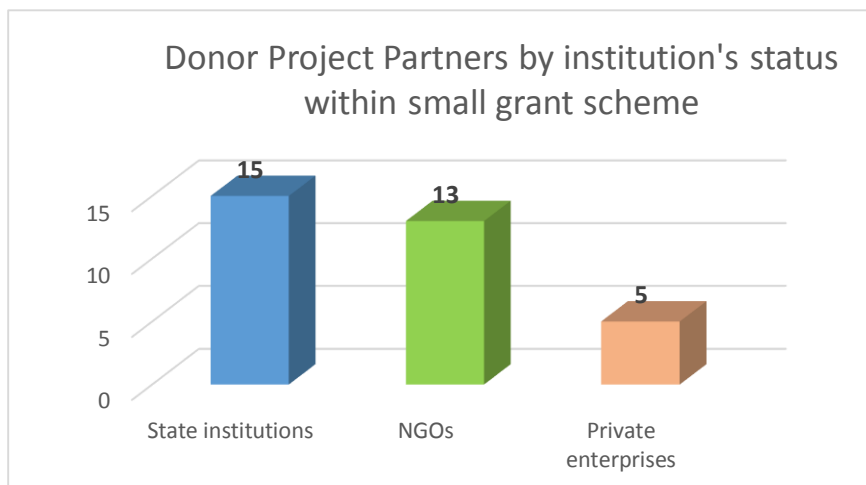


Chart 3. Donor Project Partners by institution’s status within small grant scheme

Within open call where 23 project applications were submitted, seven of them were developed in cooperation with project partner from the Donor States (see chart No. 4).

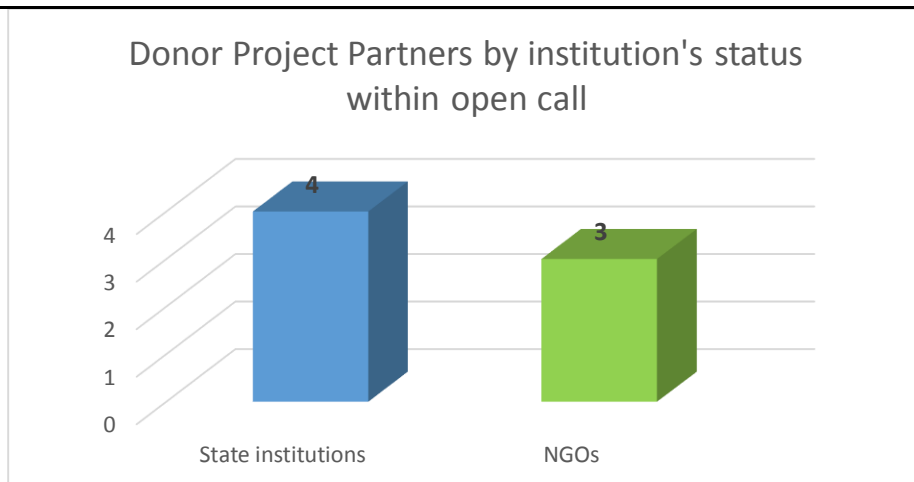


Chart 4. Donor Project Partners by institution's status within open call

Most of the partnerships were newly established partnerships and part of them were established during PO organized partnership forums.

Taking into account the number of selected project applications and activity of the pre-defined Project Promoters, it is expected that the outputs of the bilateral relations will be achieved. As well during the informative seminars for Project Promoters, PO will provide consultations on the implementations of the bilateral events and instructions on the results what should be achieved while implementing the activity under Fund for Bilateral Relations.

#### Shared results

Donor Project Partners within both pre-defined projects participated in projects Steering Committee meetings where Project Promoter with project partners coordinated implementation of projects activities to ensure planned results. Donor Project Partners also assisted in organization of the opening conference on 26 November 2014 of both pre-defined projects. Within adaptation pre-defined project Donor Project Partner provided consultations on development of technical specifications for climate change and impact scenario for 2050 – 2100. Within Inventory pre-defined project Donor Project Partner assisted in organization of seminar about national inventory system of Norway and Latvia and seminar about agriculture and forestry sectors. Seminars enhanced knowledge of Latvian experts on topics about inventory system improvements and different approaches and GHG emission inventory in agriculture and forestry sectors and facilitated experience exchange between Latvian and Donor States institutions

The implementation of activities under Fund for Bilateral Relations within project level will be performed during the year 2015 and 2016 therefore the progress of achievement of the results will be reported in next monitoring reports.

#### Improved knowledge and mutual understanding

It is expected that the implementation of bilateral events will improve the capacity of Project Promoters of pre-defined projects and experts involved in projects thereby improving the knowledge on various topics on adaptation to climate change and mitigation measures. A good cooperation has been established between promoter of pre-defined projects (MoEPRD) and the Ministry of Agriculture of Republic of Latvia. Both institutions are very interested in experience exchange event with institution in Norway - Bioforsk, the Norwegian Institute for Agricultural and Environmental Research on topic related to peatlands management.

As the implementation of open call and small grant scheme projects will start in I quarter 2015 there is no information on the bilateral activities yet. But taking into account high level of interest on the



information of Fund for Bilateral Relations during the informative seminars, it is expected that there could be many experience exchange events on topics related to improving society's understanding on climate change, researches on adaptation to climate change, reduction of GHG and on energy efficient buildings and technologies.

During the reporting period information on the activities organized under Fund for Bilateral Relations at programme level was published at the PO's web site ([www.varam.gov.lv](http://www.varam.gov.lv)) and at the website [www.eeagrants.lv](http://www.eeagrants.lv) maintained by the NFP in Latvian and English.

#### **Wider effect**

Taking into account the variety of the project applicants (state institutions, NGOs, private enterprises, local governments) in both calls for proposals and the main activities of the pre-defined projects it is expected that there will be established cooperation networks that will cover different areas (research on climate change, education and informing, building of low energy buildings, adaptation measures to climate changes, greenhouse gas inventory etc.) and as a result experience exchange and transfer of best practise between Latvia and the Donor States institutions will be achieved thereby improving the professional capacity of Latvian experts and contacts for further cooperation between institutions will be established.

### **Complementary action**

On 6 and 7 October 2014 representatives of the PO, Agency and pre-defined projects promoter participated in experience exchange event with the REC on subjects related to EEA Grants Programme management and climate policy implementation.

During the meeting representatives of the Programme Operator and the REC discussed implementation of Hungarian and Latvian EEA Grants programmes, climate change and adaptation policies and the REC presented practical solutions of adaptation to climate change in Hungary. Additionally Hungarian colleagues shared experiences of methodological approaches on climate data collecting and analysis and climate change projections and scenario modelling.

Parties found common interests and problems, for example, as similar problems in both countries were identified society's lack of knowledge and understanding on climate change and difficulties related to environmental data exchange within responsible institutions. As one of possible solutions for improvement of data exchange was proposed legislation changes, but for improvement of society's understanding on climate change it is necessary to inform clearly more about losses caused by climate change. This complementary action contributed towards strengthening bilateral cooperation between both countries and establishment of contacts for further cooperation in research studies and organization of training seminars. This complementary action also provided better understanding about EEA Grants climate programme implementation and monitoring in other EEA Grants Beneficiary States.

The PO as well participated in the FMO training on irregularities on 4 December, 2014 in Tallinn, Estonia. During the training FMO explained what they understand with irregularities, what irregularities are most important, how to report on irregularities, how to use recovered financing and how to work with irregularities in the system DoRIS. This training was very useful for employees that are responsible for monitoring of the Programme measures.

Additionally, during year 2014 the PO started organization of joint Baltic States conference in year 2016. The PO started harmonization of possible conference themes with Estonian and Lithuanian PO of EEA Grants climate change and environmental programmes. The joint conference will contribute towards experience exchange between Baltic States in implementing climate and environmental



policies. In conference will be addressed relevant climate change and environmental issues. The target groups of the conference will be the same as target groups of the Programme and it will contribute to society's knowledge and understanding on climate change and environmental issues.

In November of year 2014 was also planned to organize complementary action with Ministry of Environment of the Republic of Lithuania, but due to busy work load both parties agreed to postpone complementary action to year 2015. According to the PO's complementary action plan in year 2015 is planned to organize experience exchange events with Estonia and Poland POs that have similar EEA Grants climate programmes. During the Cooperation Committee meeting on 28 May 2014 the NFP also suggested to the PO to organize additional complementary actions and the PO is planning to look for other complementary actions and approve with Cooperation Committee organization of additional complementary actions.

## 7. Monitoring

The project monitoring and control functions are carried out by the Agency. To provide monitoring of Programme there is requirement that Project Promoters shall submit a progress report on project implementation each four months and one final report following project completion. Inventory pre-defined project's 1<sup>st</sup> progress report and payment request was submitted on 8 September 2014. Project progress report and payment request is verified and approved. Adaptation pre-defined project's 1<sup>st</sup> progress report and payment request was submitted on 1 September 2014. Project progress report and payment request is verified and approved. Second project reports were submitted on 20 December 2014 and will be verified and approved in I quarter 2015.

Risk analysis and process of monitoring visits are described in the Agency's projects management procedure and in NFP guidelines for on-the-spot verifications. According to 1<sup>st</sup> risk analysis that was done within 20 days after signing project contract, both pre-defined projects are to be considered as low risk projects.

Signing of pre-defined projects' contracts was planned in the 1<sup>st</sup> quarter of 2014 but due to delays in signing of partnership agreements with the project partners, pre-defined projects' contracts were signed by 1 July. The Agency planned to carry out monitoring visit of Adaptation pre-defined project in July 2014 and monitoring visit of Inventory pre-defined project in December 2014. Considering that pre-defined projects' implementation was delayed, and due to small amount of payment requests in 2014, no monitoring visits were carried out. In order to verify whether pre-defined Project Promoters are implementing the projects according to the requirements of normative acts regarding the Programme implementation and project contract, the Agency will carry out planned monitoring visits of to verify compliance of supplies and services, as well as supporting documents and payment requests in 2015.

Open call's and small grants scheme's projects risk analysis will be updated every 6 months after the 1<sup>st</sup> risk analysis that should be done within 20 days after signing project contract. Signing of open call project contracts is planned in February, 2015. The Agency foresee to monitor each year all high risk projects, not less than 30% of medium risk projects and 5% of low risk projects of open calls.

## 8. Need for adjustments

During the year 2014 the Financial Mechanism Office approved proposed changes in Programme Agreement related to name of Programme partners, pre-defined project partners, dates of open calls and eligibility of costs.

Regarding the FMO's letter of 3<sup>rd</sup> December, 2014 the PO reviewed the Programme indicators. The PO indicated that the outcome custom indicator "expected annual decrease of greenhouse gas emissions (tonnes CO<sub>2</sub>/year)" is exactly the same as output indicator "total emission reduction calculated (tonnes CO<sub>2</sub>/year)", and it will be a result of a successful achievement of first to fourth output indicators of

Outcome 3. Therefore outcome custom indicator “expected annual decrease of greenhouse gas emissions (tonnes CO<sub>2</sub>/year)” duplicates output indicator “total emission reduction calculated (tonnes CO<sub>2</sub>/year)” and it means that the same indicator has to be reported as output indicator and also as outcome custom indicator. To avoid this duplication the PO proposed to the FMO to remove the output indicator “total emission reduction calculated (tonnes CO<sub>2</sub>/year)” and make necessary amendments to the Programme agreement.

Assessing the selection results by the 31<sup>st</sup> of December, 2014 the PO sees risk that not all defined indicators targets could be achieved in full amount. Final results of open call and small grant scheme will be available after fulfilment of conditions and signing of project contracts in February/March 2015. Considering that there is not enough time left for launch of the 2<sup>nd</sup> round of open call and implement projects till 30 April 2016 to achieve the planned results, after final results of open call the PO is planning to initiate discussions with the NFP and the FMO about possibility to change targets according to results of open call and small grant scheme.

The PO has re-evaluated the programme management budget and identified that management budget exceeds necessary financing, but requested amount for financing in small grant scheme project applications exceeds financing available, therefore PO is planning to initiate discussions on possibility for allocation of financing from management budget for financing of small grant scheme projects to improve achievement of planned results.

## 9. Risk management

During year 2013 the PO developed the Programme risk list and identified six programme risks - (1) low participation of target groups, (2) insufficient financial flow and (3) political and legislative changes, (4) non-fulfilment of Programme outputs and outcomes, (5) personnel changes, (6) delay of implementation of Programme measures. To evaluate identified Programme’s risks the PO established the risk management work group on 14 January, 2014 that approved Programme’s risk list and mitigation actions on 7 February, 2014.

In accordance with the prior mentioned internal procedure the risk list of the Programme shall be reviewed twice a year. During 2014 the PO identified additional risk – (7) the risk of lack of capacity for projects selection and signing of project contracts considering that selection, assessment of fulfilment of conditions and signing of project contracts of open call projects and small grant scheme projects will start at the same time. The risk management work group evaluated the new risk, re-evaluated the risks identified before and updated the Programme risk list in August, 2014. In December 2014 the PO reviewed the risks of the Programme and updated the risk list and risk management plan which were approved by the risk management work group in January, 2015.

Evaluating the likelihood of the risks was identified that risks - non-fulfilment of Programme outputs and outcomes, low participation of target groups in implementation of activities of Fund for Bilateral Relations, delay of implementation of Programme measures are with likely likelihood. Risks - personnel changes and lack of the PO’s projects evaluation capacity are with possible likelihood. Risks - insufficient financial flow and political and legislative changes are unlikely. Evaluating consequence of the risks was identified that risks - non-fulfilment of Programme outputs and outcomes, insufficient financial flow and delay of implementation of Programme measures are with major consequence. Risks - low participation of target groups in implementation of activities of Fund for Bilateral Relations, political and legislative changes, personnel changes and of lack of the projects evaluation capacity are with moderate consequence.

Information about mitigation actions of each risk see in Annex 1 of this report.

## 10. Information and publicity

During the reporting period 4 informative seminars were carried out in cooperation with the Agency with aim to provide the project applicants with the necessary information and examples thereby ensuring that the project promoters could prepare project applications in good quality.

Two informative seminars for open call project promoters were held on 18 June and 28 August 2014, and small grant scheme's seminars were held on 8 of August and 4 September 2014. The total attendance of all seminars was about 285 participants. During the seminars the information on the regulations of the open call and small grant scheme was provided, as well the participants received detailed information on how to fill the project application.

During the launch of the open call and small grant scheme there was a possibility to ask questions related to the open call and small grant scheme to the Agency via e-mail. The Agency in cooperation with the PO prepared answers and as well published them in the Agency's web site for information for other interested persons. In total 231 answers were prepared and published. This means that there was a high level of interest from potential project promoters. Taking into account that the seminars were well attended and project applicants actively used the opportunity to ask questions to the Agency via e-mail, the large audience was informed on the upcoming calls of the Programme. And as a result large number of project applications were received within both calls.

To ensure the publicity of the Programme, open call and small grant scheme, publication (5 pages) on the topics related to the programme, open call, small grant scheme and climate changes that was published in the Latvian "green lifestyle" magazine "Vides Vēstis". This is popular magazine in Latvia that is specialised to publish articles related to topics on environment protection, sustainable development, environmentally friendly lifestyle, climate changes etc. The circulation of each magazine is ~4 000 copies and it is issued 6 times per year.

There were carried out two events in 2014 where PO took part with aim to popularize the Programme. One of the events was organized by the Royal Norwegian Embassy in Latvia and NFP on 17 May 2014, celebrating the 200<sup>th</sup> anniversary of the Norwegian Constitution. During the event representatives of the PO informed the participants about Programme's "National Climate Policy" objective, opportunities and input to the Latvian climate policy and distributed informative and representative materials about EEA and Norway grants and Programme. Event attracted many interested people. The other event - informative seminar "Economically efficient low energy building reconstruction and construction" where the PO took part was held on 5 September in Garkalne, Latvia and PO informed participants about open call and popularized concept of low energy buildings.

As stated in the communication plan of the Programme during the reporting period once in every quarter or more often relevant information on the programme activities was published in the web site of MoEPRD in Latvian and English. The number of unique visitors of the web site where information is published in Latvian for reporting period is 2082, but number of visitors of the English section of web site – 310. The number of unique visitors is twice times larger comparing to the results of last year.

## 11. Cross-cutting issues

In order to ensure an efficient Programme management the Programme Operator in implementation of the Programme draws attention to cross-cutting issues - good governance, sustainable development (environmental considerations, economic sustainability and social sustainability) and gender equality.

Considering that the PO is state institution, the good governance principles are taken into account in everyday work and therefore are very important for achievement of the Programme objectives.

Transparency is ensured by inviting the NFP, the FMO and the Royal Norwegian Embassy in Latvia to the Cooperation Committee meetings, by publishing Programme's regulations in English and Latvian and by attracting partial external experts in project selection. The PO in year to 2014 very actively promoted participation by organizing partner search forums and informative seminars and publishing information about open call and small grant scheme of the Programme. In events organized by the PO all participants were treated equally and during selection of projects within open calls all project applicants were treated equally and only quality of the project application was taken into account in decision-making. As governmental institution the PO provides also high security of financial management. During year 2014 also high responsiveness towards potential project promoters' needs were provided and potential project applicants were able to ask questions and receive prompt answer (within 1 week) regarding preparation of project application within open call and small grant scheme of the Programme.

Sustainability is another important cross-cutting issue to which the PO draws close attention. In project application the PO embedded requirement to provide information on how sustainability of project results will be ensured, so during selection of projects within open calls it is possible to evaluate sustainability of projects' results. Project applicants were also requested to indicate information about projects' impact on cross-cutting issues in project application and it was evaluated within the project quality assessment procedure. Project that has better impact on cross-cutting issues are rated with higher score in project quality assessment.

During the year 2014 the Programme performed positively in relation to gender equality and there was no indications about situations where men or women would not be treated equally in all Programme implementation stages – Programme management, participation in decision making, project selection and project activities.

## **12. Reporting on sustainability**

If this is a Final Report, provide an assessment of the extent to which the positive effects of the Programme will continue after the funding period.

## **13. Attachments to the Annual Programme Report**

Monitoring Plan, see section 7.3 in the Programme Operators' Manual

Risk assessment of the programme. See proposed template in Annex to the annotated template to the Annual Programme Report.

### **Project level results**

*Please also attach a list of projects that you think needs to be highlighted either for communication purposes or as examples of best practices.*

## **14. Attachment to the Final Programme Report**

Financial annex, see attachment 2 of the Programme Operators Manual

## Annex 1: Risk assessment of the programme

Type of objective <sup>1</sup>	Description of risk	Likelihood <sup>2</sup>	Consequence <sup>3</sup>	Mitigation planned/done
<i>Cohesion (Programme) outcomes:</i>				
	<p><b>Non-fulfillment of Programme outputs and outcomes</b>            Programme outputs and outcomes could not be fulfilled if project promoters would not be able to achieve results set in project contract or there will not be sufficient number of qualitative projects applications submitted and/or sufficient financing to support planned number of projects in all support areas.</p>	Likely	Major	PO and Agency ensured monitoring of the pre-defined projects and progress of outcomes and outputs. Agency ensured selection process of open call and small grant scheme projects according to the rules of the Cabinet of Ministers. Agency advised pre-defined project promoter and assisted in solving problems within their competence.
<i>Bilateral outcome(s):</i>				
	<p><b>Low participation of target groups in implementation of activities of fund for bilateral relations</b>            Project Promoters' and partners' lack of interest in implementation of activities of fund for bilateral relations will have negative impact on the achievement of bilateral indicators.</p>	Likely	Moderate	PO organized meeting with pre-defined projects promoter to inform about possibilities within fund for bilateral relations and organized 2 partner search forums to promote partnership between Latvian and Norwegian institutions within open call and small grant scheme and informed about possibilities within fund for bilateral relations.
<i>Operational issues:</i>				

<sup>1</sup> The risks should be categorised in one of 3 ways, depending on whether it poses a risk to the cohesion objective, the bilateral objective, or is more of an operational issue.

<sup>2</sup> Each risk should be described as to whether it poses a risk to the cohesion outcomes (programme outcomes), the bilateral outcome or crucial operational issues 4 = Almost certain (75 – 99% likelihood); 3 = Likely (50 – 74%); 2 = Possible (25 – 49%); 1 = Unlikely (1 – 24%)

<sup>3</sup> Assess the consequence(s) in the event that the outcomes and/or crucial operations are not delivered, where 4 = severe; 3 = major; 2 = moderate; 1 = minor; n/a = not relevant or insignificant.

	<p><b>Insufficient financial flow</b> Advance or interim payments are not ensured as planned. Lack of financial resources will endanger that implementation of Programme and projects is not ensured in planned time frame and quality.</p>	Unlikely	Major	PO and Agency timely submitted interim financial reports and Agency ensured monitoring for timely submission of projects reports. Financing plans regularly were updated. Demand for necessary financial resources was ensured in timely manner.
	<p><b>Political and legislative changes</b> Political decisions affecting PO's structure, Programme target groups, legislation or planned activities are adopted in a way that endanger implementation of Programme.</p>	Unlikely	Moderate	PO is monitoring possible legislation changes affecting the Programme. PO has elaborated and updated a Management Control System for implementation of the Programme, for cases of unexpected changes in internal structure of the PO, which foresees change of responsibilities and competences. If the changes in internal structure of PO will be made, all commitments will be secured, by transferring the functions to counterparts in accordance with competencies.
	<p><b>Personnel changes</b> Frequent changes of personnel involved in Programme implementation could impede effective Programme implementation and will decrease ability to ensure successive planning of Programme activities and acquisition of financing</p>	Possible	Moderate	PO ensures substitutability of employees and ensures that in the implementation of Programme activities there are more than one employee involved - to avoid situation when change or absence of responsible employee would affect implementation of the Programme. Additionally

				personnel is being provided with good work conditions.
	<p><b>Delay of implementation of Programme measures</b>  Delay of the implementation of Programme measures (events related to pre-defined projects, open calls, bilateral activities etc.) and procurement procedures will negatively affect achievement of Programme results.</p>	Likely	Major	PO and Agency ensured monitoring of the pre-defined projects and ensured selection process of open call and small grant scheme projects. Agency twice a year analyses projects risk level and verifies projects' implementation according project contract and project procurement plans. Agency is planning to carry out on-the-spot-verifications for projects according to Monitoring plan.
	<p><b>Lack of capacity for projects selection and signing of agreements</b>  Considering that selection, assessment of fulfilment of conditions an signing of project contracts of open call and small grant scheme projects applications will be carried out at the same time, there is a risk that Agency will have lack of capacity for providing implementation of mentioned activities, which means that also implementation of projects will delay and projects successful implementation would be endangered.</p>	Possible	Moderate	Agency ensured sufficient number of employees for selection of projects within open call and small grant scheme as well as independent external experts with advisory capacity, providing that selection, fulfilment of conditions and signing of agreements is implemented in accordance with agreed time schedule. PO delegated responsible employees in project Selection Committees according rules of the Cabinet of Ministers.

## Annex 2: Programme's Monitoring plan

### Programme's Monitoring plan 2014-2015

Activity	2014				2015			
	IQ	IIQ	IIIQ	IVQ	IQ	IIQ	IIIQ	IVQ
1. The evaluation of pre-defined projects								
2. Signing of pre-defined projects contracts								
3. Pre-defined project promoters submit the progress reports and payment requests to the State Regional Development Agency (Agency)								
4. Agency evaluates and approves received progress reports of pre-defined project promoters and if necessary requests for additional information								
5. Agency carries out on-the-spot-verifications of the pre-defined projects								
6. Collection and measurement of Programme and projects indicators of pre-defined projects								
7. Development and harmonization of Rules of the call for proposal								
8. Development and harmonization of Rules of the small grants scheme								
9. Launch of open call and project submission period								
10. Launch of small grants scheme and project submission period								
11. Selection of open call project applications								
12. Selection of small grants scheme project applications								
13. Signing of open call project contracts and small grants scheme project contracts								
14. Open call and small grant scheme project promoters submit the progress reports and payment requests to the Agency								
15. Agency evaluates and approves received progress reports of open call and small grant scheme project promoters and if necessary requests for additional information								
16. Agency carries out on-the-spot-verifications of the open call and small grant scheme projects								
17. Collection and measurement of Programme and projects indicators of open call and small grant scheme projects								
18. Programme Cooperation Committee meetings								



## Programme Monitoring

The project monitoring and control functions are carried out by the Agency. Project promoters shall submit a progress report on project implementation each four months and final report following project completion. Risk analysis and process of monitoring visits are described in the Agency projects management procedure and in NFP guidelines for on-the-spot verifications. On-the-spot verifications will be carried out by the Agency. Open call's and small grants scheme's projects risk analysis will be updated every six months after the 1<sup>st</sup> risk analysis that should be done within 20 days after signing project contract. Signing of open call projects contracts and small grants scheme projects contracts is planned in I quarter 2015. The Agency foresees to monitor each year all high risk projects, not less than 30% of medium risk projects and 5% of low risk projects of open calls.

In addition to the regular (every four months) verifications of the projects' progress reports and payment requests, the Agency will carry out on-the-spot-verifications of compliance of supplies and services, as well as supporting documents and payment requests at least twice during the implementation of pre-defined projects.

The aim of on-the-spot- verifications is to make sure that approved projects are being implemented in accordance with the requirements of normative acts regarding the Programme implementation and projects contracts, and that the costs incurred are actual and eligible, as well as to verify whether:

- Project promoter has ensured keeping of document originals related to the implementation of the projects according to normative acts on keeping, accounting, storing and using of archive documents;
- supplies and services have actually been provided and are in compliance with the contracts concluded by the Project promoter and the provider, payments are made in line with the contracts concluded by the Project promoter and the provider, and the requirements of the Public Procurement Law have been observed;
- The Programme's publicity requirements have been observed.

Regarding collection and measurement of programme and projects outcomes and outputs the Agency reported that:

- Within the pre-defined project "Development of the National System for Greenhouse Gas Inventory and Reporting on Policies, Measures and Projections" two of planned five training seminars in Norway were carried out to increase the capacity of Latvian inventory experts.
- Within the pre-defined project "Development of Proposal for National Adaptation Strategy, Including Identification of Scientific Data, Measures for Adapting to Changing Climate, Impact and Cost Evaluation" no output indicators were achieved in 2014.
- Implementation of projects within open call and small grant scheme was not started in 2014.

In order to verify whether project promoters are implementing the projects according to the requirements of normative acts regarding the Programme implementation and project contract the Agency developed plan of monitoring visits of the Programme for year 2015:

## Monitoring visits' plan, 2015\*

Institution that carried out monitoring visit	Time of monitoring visit	Project promoter, title of project	Objective of monitoring visit
Agency	May 2015	MoEPRD pre-defined project, "Development of Proposal for National Adaptation Strategy, Including Identification of Scientific Data, Measures for Adapting to Changing Climate, Impact and Cost Evaluation"	Monitoring of 2 <sup>nd</sup> and 3 <sup>rd</sup> Project report and documents to verify project promoter expenditures
Agency	September 2015	MoEPRD pre-defined project, "Development of the National System for Greenhouse Gas Inventory and Reporting on Policies, Measures and Projections"	Monitoring of 2 <sup>nd</sup> , 3 <sup>rd</sup> and 4 <sup>th</sup> Project report and documents to verify project promoter expenditures

\*The monitoring visits' plan for monitoring of open call and small grant scheme projects will be developed after the signing of project contracts in I quarter, 2015 and risk analysis of the projects.