



Interreg
Estonia-Latvia
European Regional Development Fund



EUROPEAN UNION

Interreg V-A - Estonia-Latvia

**Cooperation programme under European territorial
cooperation goal**

Annual Implementation Report 2021

May 2022

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ABBREVIATIONS

AA	Audit Authority
AIR	Annual Implementation Report
CBC	Cross border cooperation
DMCS	Description of the Management and Control System
eMS	electronic monitoring system
FCD	Financial Correction Decision
GDPR	General Data Protection Regulation
EC	European Commission
EC Day	European Cooperation Day
EUSBSR	European Union Strategy for Baltic Sea Region
FC	Financial Control
JEMS	Joint electronic monitoring system
JS	Joint Secretariat
MA	Managing Authority
MC	Monitoring Committee
OI	Output indicator
PA	Priority Axis
RI	Result indicator
SO	Specific Objective
VTA	Vidzeme Tourist Association

1. IDENTIFICATION OF THE ANNUAL IMPLEMENTATION REPORT

CCI	2014TC16RFCB050
Title	Interreg V-A EE-LV - Estonia-Latvia
Version	3.0
Reporting year	2021
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2. OVERVIEW OF THE IMPLEMENTATION OF THE COOPERATION PROGRAMME (Article 50(2) of Regulation (EU) No 1303/2013 and Article 14(3)(a) of Regulation (EU) No 1299/2013)

The programme Interreg V-A EE-LV - Estonia-Latvia, (Estonia-Latvia programme or the programme), which is the cooperation programme under the European territorial cooperation goal, was adopted by the EC on 4 December 2015 with the decision C(2015) 8926. The amendments to the programme were adopted by EC on 12 December 2018 and on 24 September 2020.

The programme covers the following NUTS regions: EE004 Lääne-Eesti, EE008 – Lõuna-Eesti, LV003 - Kurzeme, LV006 – Rīga, LV007 – Pierīga, LV008 – Vidzeme. **The total budget of the programme is 46 728 715.00 EUR of which the EU support makes up 38 933 803.00 EUR.** The programme has 5 PAs with 9 relevant SOs, which are more elaborated further in the report. 55 projects had been approved and all were contracted in by the end of 2021. **The total contracted ERDF amount was 36 089 577.10 EUR.** 42 projects have been completely finalised with final payment made. In total 118 Latvian and 109 Estonian unique partners have been implementing the projects. The results and achievements of the projects have been described on the programme web page, in previous AIRs and Citizen Summaries, which are also available on the web page.

The values of the fulfilled OIs are aggregated from the eMS, where the data are collected from the progress reports according to the information reported by the LPs. The fulfilment of the programme RIs was assessed in 2021 for 6 indicators under SO1.1, SO1.2, SO2.1, SO2.2 (2) and SO2.3. The assessment of the RI for SO4.1 was skipped for 2021 and will be assessed in 2023 as planned.

The MC had two online meetings in 2021, where programme implementation and preparation of the 2021-2027 programme were discussed. The three pre-defined projects - *PACKGDEPO (SO2.2)*, *Harmonization of Estonian and Latvian Geodetic Systems in Border Areas (SO2.4)* and

Valga-Valka Recreational Area (SO2.3) were selected by the MC for funding in January 2021 via written procedures and contracted later that year.

The two large scale projects - *ESTLAT Harbours* and *Valga-Valka Centre* progressed well. The majority of the harbours had completed their construction works already by the end of 2020 and marketing of the network was done as much it was possible. In 2021 the project ESTLAT harbours was prolonged by 12 months and Valga-Valka Centre by 5 months due to the delays in procurement procedures and pandemic that affected the cash flows for some partners which in turn hampered the implementation of definite activities including investments. The construction of the Valga-Valka joint city centre was successfully finished in December 2020. Due to the pandemic the festive opening took place on 6 August 2021.

The JS carried out 2 virtual partner seminars for the partners of the pre-defined projects funded under PA 2. The EE and LV financial controllers, auditors and JS gave information about the eligibility, reporting basic principles of state aid, public procurement, and publicity rules.

The programme implementation and reporting remained very active in 2021. Many projects had to adjust or change their contact activities to the virtual and hybrid ones, according to the changing circumstances, several projects requested prolongation. However, no substantial problems that would have affected the results of the projects were identified. The consultants provided their daily advice on the deviations, modifications and eligibility of the costs as usual, only performed less site visits and attended more online project events.

In 2019 the Latvian members of the Group of Auditors carried out the audit of project operations by the lead partner Vidzeme Tourist Association in the framework of the project *Est-Lat24 Green Railway*. The auditors identified that the workloads and hourly rates of project management staff had not been contracted as foreseen in the application and were not in accordance with sound financial management. In principle, actually the staff number was reduced but the salaries remained as it was included in the project application and no amendment to the project application was submitted to the JS. It significantly changed the ratio between workloads and hourly rates, which resulted in 2.87 times higher salary than initially foreseen in the project. Following the audit, the MA prepared a FCD of 25%, which the VTA challenged. The VTA argued that the staff costs, which is one of the six budget headings as included in the Programme Manual chapter 5.3 may be budgeted indicatively. In fact the Programme Manual does not provide such possibility. The case ultimately ended up in the Tallinn Administrative Court, where it was discussed twice. On 13 January 2022 the court made a judgement that the FCD was legitimate and should not be repealed. The irregularly paid amount was deducted from the next period payments and thus no payments are expected from the partner.

In 2021 the Interreg community celebrated the 10-year anniversary of the EC Day. The programme joined efforts in organisation of festive activities with LV NRA (under the brand Interreg Latvija) to attract more people to learn about Interreg through active engagement: in five towns in Latvia people could play photo-orienteeing game and answer 20 questions about Interreg programmes and projects in Latvia. The other initiative to celebrate was

Facebook “memory lane” campaign where the programme invited people to share their stories and pictures of EC Day events since 2012. The main event to celebrate cooperation and showcase the results of the programme was the launch of the “Estonia-Latvia stories II” on 30 September in the Estonian National Museum in Tartu. The story book includes 49 stories about the 55 projects that have been implemented since 2017, written by four Latvian and four Estonian writers/journalists. The stories are grouped by their most characteristic nature into categories of people, partnerships, solutions and places. The book is available in the Estonian, Latvian and English languages electronically and in limited supply in paperback format. In addition to the 6 videos to introduce the network of small harbours aired in 2020, a story about Valga-Valka city centre was filmed and aired on TV and social media.

The social media presence was kept active with 146 posts on Facebook about running and finalising projects, the programme and project events etc. The programme account had close to 3000 followers by the end of 2021, which means that the community, interested in the programme content is slowly, but consistently growing. The web page www.estlat.eu remains to be the main source of information, in 2021 increasingly also about the preparations of the new programme. This explains that regardless that there were no open calls and information seminars organised yet, the average number of monthly visitors and visits to the site was on the raise: respectively 906 (753 in 2020) and 1905 (1491 in 2020). The presence on FB continues to be an effective tool for promoting the results, and benefits of the programme in relatable format and attracting audience outside the programme bodies and project partners.

3. IMPLEMENTATION OF THE PRIORITY AXIS (Article 50(2) of Regulation (EU) No 1303/2013)

3.1 Overview of the implementation

3.2 Common and programme specific indicators (Article 50(2) of Regulation (EU) No1303/2013)

Priority Axis 1 Active and Attractive Business Environment

Altogether 29 projects are contracted under PA 1: 9 under the SO 1.1 *Increased entrepreneurial cross-border cooperation in the programme area* with total 2 453,452.79 euros of ERDF support, and 20 under SO 1.2 *More jointly developed products and services in the programme area* with total 6 442,511.14 euros ERDF support. With the projects *GeoTranslate*, *EstLat Translator* and *Herbal Water* finishing in 2021, altogether 26 projects had ended by the end of 2021, 25 of them had received final payment. Projects *SpectroScreen* and *Bio4Asia*, supported under SO1.2, continue implementation and reporting until the end of 2022. All the funds under PA 1 are committed.

Of the projects still running, the overall aim of the *SpectroScreen* project is to develop and prepare for the commercialization of a remote breast cancer screening service based on FTIR (Fourier-transform infrared spectroscopy).

The main objective of *Bio4Asia* project is to increase competitiveness of the project partners in order to expand and diversify the market and ensure long term stability of the production and growth of the turnover. More specific objectives are to create a new dietary supplement on the base of local raw materials as well as in-house competences of both partners and to make the product and project partners recognised in South-East Asia market and to increase their competitiveness.

Table 1 Result indicators Priority Axis 1

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023) Total	2018 Total	2018 Qualitative	2019 Total	2019 Qualitative	2021 Total	2021 Qualitative	Observations
S01	Share of entrepreneurs and new business in the region (not older than 3 years), which are ready for cross-border cooperation	%	53%	2014	59%	46%		N/A		45%		All result indicators are more described and commented in the chapter Synthesis of the Evaluations.
S02	Share of entrepreneurs carrying out joint product or service development	%	14%	2014	19%	13%		N/A		28%		

Table 2 Common and Programme specific output indicators, Priority Axis 1

	ID	Indicator	Measurement unit	Target value	2016	2017	2018	2019	2020	2021	Observations
F ¹	CO01	Productive investment: Number of enterprises receiving support	Enterprises	659.00	0.00	109.00	278.00	858.00	752.00	778.00	The achieved targets were revised by the project partners in 2020 to be in line with the updated instructions followed by the audit.
S	CO01	Productive investment: Number of enterprises receiving support	Enterprises	659.00	0.00	283.00	283.00	283.00	283.00	283.00	
F	CO04	Productive investment: Number of enterprises receiving non-financial support	Enterprises	659.00	0.00	109.00	278.00	858.00	752.00	778.00	
S	CO04	Productive investment: Number of enterprises receiving non-financial support	Enterprises	659.00	0.00	283.00	283.00	283.00	283.00	283.00	The relevant SO was open only in the first call for proposals. As a result of the first call, according to the forecast provided by the beneficiaries, 283 enterprises will receive non-financial support.
F	O01	Participants at project events, except management meetings	Number	2 899.00	0.00	179.00	1 362.00	3 052.00	3 590.00	3 627.00	
S	O01	Participants at project events, except management meetings	Number	2 899.00	0.00	2 785.00	2 785.00	2 785.00	2 785.00	2 785.00	According to the forecast provided by the beneficiaries, there will be 2785 participants in the project events.
F	O02	Jointly organised events, except management meetings	Number	120.00	0.00	2.00	49.00	120.00	177.00	179.00	
S	O02	Jointly organised events, except management meetings	Number	120.00	0.00	168.00	168.00	168.00	168.00	168.00	Based on the project applications, there will be 168 jointly organised events.

¹ F=Cumulative value — outputs delivered by operations [actual achievement] S=Cumulative value — outputs to be delivered by selected operations [forecast provided by beneficiaries].

	ID	Indicator	Measurement unit	Target value	2016	2017	2018	2019	2020	2021	Observations
F	CO01	Productive investment: Number of enterprises receiving support	Enterprises	105.00	0.00	4.00	15.00	78.00	504.00	525.00	
S	CO01	Productive investment: Number of enterprises receiving support	Enterprises	105.00	0.00	98.00	342.00	350.00	352.00	352.00.	Based on the project applications, 310 enterprises receive non-financial support and 42 receive grants.
F	CO02	Productive investment: Number of enterprises receiving grants	Enterprises	25.00	0.00	4.00	11.00	22.00	42.00	42.00	
S	CO02	Productive investment: Number of enterprises receiving grants	Enterprises	25.00	0.00	15.00	32.00	40.00	42.00	42.00	Based on the results of the first, third and fourth call, 42 enterprises receive grants.
F	CO04	Productive investment: Number of enterprises receiving non-financial support	Enterprises	80.00	0.00	0.00	4.00	56.00	462.00	483.00	
S	CO04	Productive investment: Number of enterprises receiving non-financial support	Enterprises	80.00	0.00	83.00	310.00	310.00	310.00	310.00	Based on the project applications, the number of enterprises receiving non-financial support will be 310.
F	CO08	Productive investment: Employment increase in supported enterprises	Full time equivalents	60.00	0.00	0.00	14.90	38.90	74.75	97.75	
S	CO08	Productive investment: Employment increase in supported enterprises	Full time equivalents	60.00	0.00	33	75	95.00	99.00	99.00	Based on the project applications, 99 workplaces will be created.
F	O03	Joint products and services developed in cooperation	Number	12.00	0.00	1.00	5.00	8.00	19.00	25.00	
S	O03	Joint products and	Number	12.00	0.00	13.00	22.00	29.00	30.00	30.00	Based on the project applications, 30 joint products

	ID	Indicator	Measurement unit	Target value	2016	2017	2018	2019	2020	2021	Observations
		services developed in cooperation									and services will be delivered in cooperation.
F	O04	Joint marketing activities	Number	12.00	0.00	0.00	3.00	5.00	20.00	36.00	
S	O04	Joint marketing activities	Number	12.00	0.00	15.00	27.00	38.00	39.00	39.00	Based on the project applications, 39 joint marketing activities will be carried out.

Priority Axis 2 Clean and Valued Living Environment

Three new pre-defined projects under SO2.2, 2.3 and 2.4 of total 1 467,216.73 euros were selected for funding in the beginning of 2021 and contracted later that year: *More Harmonised Geodetic Reference Systems (GeoRefAct)* (SO2.4), *PACKGDEPO* (SO2.2) and *Valga-Valka Recreational Area* (SO2.3).

The *GeoRefAct* project objective is to develop a joint high precision and harmonized geodetic reference systems (including coordinate, height and gravity system) in the border area of Estonia and Latvia, as well as the necessary geospatial data conversion models.

The aim of the project *PACKGDEPO* is to increase awareness of packaging waste issues, especially on packaging deposit system, develop strategic approach to harmonize packaging deposit system and work towards joint system between Estonia and Latvia.

The project *Valga-Valka Recreational Area* can be seen as a complementary to the *Valga-Valka Centre* project, which, when finalised, should improve the common area around Konnaoja/Varžupīte stream and Pedele/Pedeli river to facilitate various leisure and sports activities and to improve access to joint city centre.

Altogether 22 projects are contracted in priority 2: 7 under SO 2.1, 12 under SO 2.2, 2 under SO 2.3. and 1 under SO 2.4. The programme had respectively contracted 6 811,919.08 euros, 3 603,037.24 euros, 3 787,216.71 euros and 425 000 euros of ERDF support in 2021. There were 7 active projects running in 2021: *Military Heritage*, *WaterAct*, *Smart Living*, *Daily Allowable Maximum Loads to Decrease Nutrient Load to the Gulf of Riga (DAML)*, *PACKGDEPO*, *GeoRefact*, *Valga-Valka Recreational Area* and *Valga-Valka Centre*.

Table 1 Result indicators Priority Axis 2

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023) Total	2018 Total	2018 Qualitative	2019 Total	2019 Qualitative	2021 Total	2021 Qualitative	Observations
S04	Awareness of people about resource efficiency with a focus on waste and energy saving	% of persons who are very familiar with the targeted topics	43%	2014	53%	53%		N/A		50%		
S05	Cooperation intensity between institutions on management of water bodies and coastal areas	% of institutions that carry out regular co-operation activities	36%	2014	59%	46%		N/A		55%		
S08	The share of inhabitants of Valga and Valka recognising Valga-Valka as a joint town	%	21%	2015	28%	29%		N/A		46%		
S03	The number of visitors to the natural and cultural heritage sites	Number	3 103 576	2014	3 786 000	3 729 721 (for 2017)		N/A		2 585 486 (for 2020)		Tourism was much affected by COVID-19 pandemic
S09	The use of harmonized geodetic reference system in Estonian-	Number	Harmonized geodetic system not in	2020	1			N/A		N/A		The fulfilment will be measured once in 2023.

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023) Total	2018 Total	2018 Qualitative	2019 Total	2019 Qualitative	2021 Total	2021 Qualitative	Observations
	Latvian cross-border projects		use/available									

Table 2 Common and programme specific output indicators Priority Axis 2

	ID	Indicator	Measurement unit	Target value	2016	2017	2018	2019	2020	2021	Observations
F	O06	Improved natural or cultural heritage sites	Number	35.00	0.00	0.00	4.00	35.00	99.00	117.00	Six out of seven projects under SO2.1 have finalised their activities, but the reporting is still in process, not all the outputs are reported yet. The result of the 7 th project will be achieved fully by the end of 2022 and reported in 2023.
S	O06	Improved natural or cultural heritage sites	Number	35.00	0.00	81.00	113.00	113.00	149.00	149.00	According to the project applications of the first, second and fifth call, 149 improved natural or cultural heritage sites will be presented.
F	O07	(Sets of) products or services that are created based on cultural or natural heritage	Number	7.00	0.00	0.00	0.00	0.00	5.00	6.00	Six out of seven projects under SO2.1 have finalised their activities, but the reporting is still in process, not all the outputs are reported yet. The result of the 7 th project will be achieved fully by the end of 2022 and reported in 2023.
S	O07	(Sets of) products or services that are created based on cultural or natural heritage	Number	7.00	0.00	5.00	6.00	6.00	7.00	7.00	According to the project applications of the first, second and fifth call, 7 (sets of) products or services that are created based on cultural or natural heritage will be delivered.
F	O08	Cross-border networks that are established or which are strengthened in order to manage and promote the sites	Number	7.00	0.00	0.00	2.00	3.00	8.00	9.00	Six out of seven projects under SO2.1 have finalised their activities, but the reporting is still in process, not all the outputs are reported yet. The result of the 7 th project will be achieved fully by the end of 2022 and reported in 2023.

	ID	Indicator	Measurement unit	Target value	2016	2017	2018	2019	2020	2021	Observations
S	O08	Cross-border networks that are established or which are strengthened in order to manage and promote the sites	Number	7.00	0.00	8.00	9.00	9.00	10.00	10.00	According to the approved applications of the first, second and fifth call, 10 cross-border networks will be established.
F	21	Improved and revitalised cross-border joint urban area	Square meter	128 000.00	0.00	0.00	0.00	0.00	0.00	53 625.00	The fulfilment of this indicator concerns one of the two projects under SO2.3 - Valga-Valka Centre. The second project with the target of 80 000 m ² of improved urban environment will complete the target by the end of 2022, no achievements can be reported yet.
S	21	Improved and revitalised cross-border joint urban area	Square meter	128 000.00	0.00	48 000	48 000	48 000.00	48 000.00	128 000.00	Previously, the target value was set as provided in the OP.
F	O09	Participants at project events, except management meetings	Number	9 597.00	0.00	253.00	4 994.00	9 597.00	10 396.00	11 044.00	
S	O09	Participants at project events, except management meetings	Number	9 597.00	0.00	3 760.00	4 355.00	4 355.00	5 715.00	6 075.00	According to estimations provided by the beneficiaries of the first, second and fifth call, the expected number of participants is 6075.
F	O10	Public campaigns that are targeted at environmentally-friendlier behaviour	Number	6.00	0.00	1.00	2.00	4.00	5.00	6.00	
S	O10	Public campaigns that are targeted at environmentally-friendlier behaviour	Number	6.00	0.00	3.00	6.00	6.00	7.00	9.00	Based on the estimations of the applications, the number of public campaigns to be carried out is 9.
F	O11	Joint management initiatives for water or coastal areas	Number	5.00	0.00	0.00	0.00	1.00	6.00	6.00	The management initiative is measured when all the planned activities are carried out - outputs will be delivered by the end of the projects and reported in 2022.
S	O11	Joint management initiatives for water or coastal areas	Number	5.00	0.00	2.00	6.00	6.00	8.00	8.00	Based on the applications there will be 8 joint management initiatives.
F	O12	Small-scale investments	Number	40.00	0.00	1.00	23.00	40.00	50.00	57.00	
S	O12	Small-scale investments	Number	40.00	0.00	31.00	45.00	45.00	46.00	47.00	Based on the project applications, 47 small-scale investments were planned to be delivered.

	ID	Indicator	Measurement unit	Target value	2016	2017	2018	2019	2020	2021	Observations
F	O22	Harmonized geodetic reference systems	Number	1	0.00	0.00	0.00	0.00	0.00	0.00	This indicator was introduced in 2020, the only project that contributes to the fulfilment of this indicator by the end of the project, is still in progress.
S	O22	Harmonized geodetic reference systems	Number	1	0.00	0.00	0.00	0.00	0.00	1.00	

Priority Axis 3 Better Network of Harbours

There is one SO under PA 3, SO.3.1 *An improved network of small harbours with good levels of service*. Two projects - *ESTLAT Harbours* and *EASTBALTIC HARBOURS* are being implemented under this SO. The second one was selected for funding in 2020, the subsidy contract was signed on 13.01.2021 for the support of 2 808 643.01 euros. The total ERDF allocation for the Priority is 11 998 153.21 euros.

With these two projects there will be improved services of the same standards like safe navigation, minimum depth alongside the quays and access way of 2,5m, reception of waste and wastewater, electricity and drinking water available on the quay, washing facilities and water toilets in a network of 24 small harbours in Estonia and Latvia. It is expected that the infrastructure will be improved in all involved harbours by the end of 2022. In the project *ESTLAT Harbours*, 17 harbours out of 20 had completed their activities by the end of 2021. The partners in *EASTBALTIC HARBOURS* mainly made preparations for carrying out procurements but some of them had also progressed with investments.

The partners of both projects continued marketing and communication activities, which included Facebook posts, media articles, distribution of Harbours Guide to yacht clubs and sailing communities in Finland, Germany, Netherlands, Poland, Sweden, creation of a YouTube account for the East Baltic Coast – Network of Marinas in Latvia and Estonia.

More information about the harbours and the projects can be found on the web page: <https://www.eastbaltic.eu/> and on the programme web page www.estlat.eu.

Table 1 Result indicators Priority Axis 3

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023) Total	2018 Total	2018 Qualitative	2019 Total	2019 Qualitative	2021 Total	2021 Qualitative	Observations
S06	The number of visiting vessels at small harbours	Number of vessels	6 420	2014	16 000	7 789		N/A		6 871		

Table 2 Common and programme specific output indicators Priority Axis 3

	ID	Indicator	Measurement unit	Target value	2016	2017	2018	2019	2020	2021	Observations
F	O13	Small harbours with improved services	Number	23.00	0.00	0.00	0.00	2.00	9.00	16.00	Most of the harbours completed their investments in 2021, however, the reporting is in process. The first of the two projects under this SO was prolonged, the OIs will be fully reported in 2022. The second pre-defined project is aiming at improving the services in 4 small harbours by the end of 2022.
S	O13	Small harbours with improved services	Number	23.00	0.00	20.00	20.00	20.00	20.00	24.00	

Priority Axis 4 Integrated Labour Market

Under SO 4.1 *Improved conditions for accessing jobs across the border*, two projects were implemented: *Cross-Border Work-Based Learning in Estonia and Latvia* and *Valka-Valga Mobility*. Both projects were finalised by the end of 2020. In total 568 264.86 euros of ERDF was contracted for these projects that developed 5 new and/or improved services for job seekers: job fairs, networking activities for employers, informational newsletter for citizens, capacity building events (information days and workshops for job seekers and unemployed persons, support of mentor for employees) and work-based learning systems. Projects were aiming at engaging 312 participants in cross-border mobility initiatives, eventually the reached number was 1420. The programme indicators are fulfilled.

Table 1 Result indicators Priority Axis 4

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023) Total	2018 Total	2018 Qualitative	2019 Total	2019 Qualitative	2021 Total	2021 Qualitative	Observations
S06	Work commuters crossing the border	Number of persons	2 753	2014	3 100	4 598.40		N/A		N/A		The assessment in 2021 was skipped, the next assessment on achievement of the result indicators will take place in 2023.

Table 2 Common and Programme specific output indicators Priority Axis 4

	ID	Indicator	Measurement unit	Target value	2016	2017	2018	2019	2020	2021	Observations
F	O14	New and/or improved services for job seekers and/or job providers	Number	2.00	0.00	0.00	2.00	2.00	4.00	5.00	
S	O14	New and/or improved services for job seekers and/or job providers	Number	2.00	0.00	4.00	5.00	5.00	5.00	5.00	5 new and/or improved services were delivered as were included originally in the project applications.
F	O15	Participants in cross-border mobility initiatives	Number	767.00	0.00	0.00	216.00	767.00	1 394.00	1 420.00	Both supported projects are finalised and fully reported the reached indicators.
S	O15	Participants in cross-border mobility initiatives	Number	767.00	0.00	200.00	312.00	312.00	312.00	312.00	The projects forecasted 312 participants in the cross-border mobility initiatives.

Priority Axis 5 Technical Assistance

The TA budget for 2021 was approved by the MC on 23 December 2020 in the amount of 702 569.61 EUR - 552 000.00 EUR for the JS and 150 569.61 EUR for the MA. The budget was changed once in December 2021. The change was related to the changes in the MA budget for the staff costs and training costs of 1 FTE for the auditor of the AA. In 2021, the communication tasks were implemented by the JS and were divided between the four programme consultants. The TA budget was used in compliance with the work plan of the programme. Big part of the implemented work plan was dedicated to the programming of 2021-2027. The programme held 1 virtual joint programming committee meeting and 12 online meetings of the task force.

In the JS budget, the two major cost articles were external expertise for conducting the assessment of the programme result indicators and preliminary estimate of the strategic environmental assessment of Interreg VI-A –Estonia-Latvia Programme 2021-2027.

In 2021 the staff of the JS and MA participated in a number of trainings and seminars mainly organised by Interact but also by other organisations. The trainings were about evaluation, capitalisation and communication; simplifications; network meeting for CBC financial issues; state aid, programming of 2012-2027 including JEMS, simplified cost options, thematic focus, intervention logic etc.

The programme had a very good opportunity to share good practice to the other Interreg programmes: the EC and Interact invited the head of the secretariat and one programme consultant to speak about the programme communication and implementation and selection procedures at the hybrid Interreg Annual Event in October 2021.

Table 1 Result indicators Priority Axis 5

Result indicators are not applicable to the technical assistance

Table 2 Common and programme specific output indicators Priority Axis 5

	ID	Indicator	Measurement unit	Target value	2016	2017	2018	2019	2020	2021	Observations
F	O17	Approved projects	Number	45.00	0.00	29.00	42.00	51.00	52.00	55.00	
S	O17	Approved projects	Number	45.00		29.00	42.00	51.00	52.00	55.00	3 pre-defined projects were selected and contracted in 2021.
F	O18	Face-to-face consultations provided to applicants	Number	220.00	82	135	174.00	210.00	214.00	214	All the programme funds had been committed, no consultations provided.
S	O18	Face-to-face consultations provided to applicants	Number	220.00		0.00		210.00	214.00	214	
F	O19	Events organised for applicants,	Number	50.00	4	19.00	27.00	37.00	47.00	51.00	For 2021: 2 seminars for the partners, 1 orienteering game, 1

	ID	Indicator	Measurement unit	Target value	2016	2017	2018	2019	2020	2021	Observations
		partners of supported projects, and the general public									EC day event.
S	O19	Events organised for applicants, partners of supported projects, and the general public	Number	50.00			0.00	37.00	47.00	51.00	
F	O20	Employees (full-time equivalents - FTEs) whose salaries are co-financed by technical assistance	Number	12.00	10.21	11.50	11.00	10.00	9.70	8.30	The FTE for 2021 represents 2.3 for MA, 6 for JS.
S	O20	Employees (full-time equivalents - FTEs) whose salaries are co-financed by technical assistance	Number	12.00			0.00	10.00	9.70	8.30	

3.3. Milestones and targets defined in the performance framework (Article 50(2) of Regulation (EU) No 1303/2013)

Table 3 Information on milestones and targets defined in the performance framework

PA	Ind type	ID	Indicator	Measure-ment unit	Milestone for 2018 Total	Target value (total) (2023)	2018 Total	2018 Qualitative	2019 Total	2019 Qualitative	2020 total	2020 Qualitative	2021 total	2021 Qualitative	Observations
1	F	F01	Expenditure², priority axis 1	EUR	2 514 380.00	11 314 329.00	3 613 214.79		6 121 241.97		9 238 134.38		10 576 692.65		
1	I	03	Approved projects	number	10		24		28		29		29		
1	O	O03	Joint products and services developed in cooperation	number	0	12	5		8		19		25		Based on the project applications, 30 joint products and services will be delivered in cooperation.
1	O	O04	Joint marketing activities	number	0	12	3		5		20		36		Based on the project applications, 39 joint marketing activities will be carried out.
2	F	F02	Expenditure, priority axis 2	EUR	3 018 127.00	16 053 871.00	3 658 020.60		6 505 422.67		13 579 626.24		15 225 625.15		
2	I	03	Approved projects	Number	9		15		15		19		22		
2	O	007	(Sets) of products or services that are created based on cultural or natural heritage	Number	0	7	0		0		5		6		According to the project applications of the first, second and fifth call, 7

² The expenditure of all PAs refers to the amounts certified to the European Commission as included in table 4.

														(sets of) products or services that are created based on cultural or natural heritage will be delivered.
2	O	O10	Public campaigns that are targeted at environmentally-friendlier behaviour	Number	0	6	2		4		5		6	
2	O	O11	Joint management initiatives for water and coastal areas	Number	0	5	0		1		6		6	Based on the applications there will be 7 joint management initiatives to be delivered by the end of 2022
2	O	O21	Improved and revitalised cross-border joint urban area	Square meter	0	128 000	0		0		0		53 625.00	This is the outcome of the project Valga-Valka Centre.
3	F	F03	Expenditure. Priority axis 3	EUR	2 064 480.00	14 115 537.00	2 081 774.72		3 993 913.49		9 124 219.89		10 145 795.32	
3	I	03	Approved projects	number	1		1		1		2		2	
3	I	01	Small harbours within approved projects aimed at improving those harbours	number	10		21		20		20		24	
3	O	O13	Small harbours with improved services	number		23	0		2		9		16	The outputs will be fully delivered in 2022 and reported in 2023.

4	F	F04	Expenditure, priority axis 4	EUR	223 649.00	1 189 626.00	157 096.37		281 113.33		645 868.72		668 547.30		
4	I	03	Approved projects	Number	1		2		2		2		2		
4	O	O14	New and/or improved services for job seekers and/or job providers	Number	0	2	2		2		4		5		Based on the applications of the 1 st and 2 nd call, there are 5 new and/or improved services for job seekers and/or job providers.

3.4. Financial data (Article 50(2) of Regulation (EU) No 1303/2013)

Table 4 Financial information at priority axis and programme level

Priority axis	Fund	Calculation basis	Total funding	Co-financing rate	Total eligible cost of operations selected for support	Proportion of the total allocation covered with selected operations	Public eligible cost of operations selected for support	Total eligible expenditure declared by beneficiaries to the managing authority	Proportion of the total allocation covered by eligible expenditure declared by beneficiaries	Number of operations selected
1	ERDF	Total	10,564,790.00	85.00	11,409,809.47	108.00%	9,291,436.94	10,576,692.65	100.11%	29
2	ERDF	Total	17,281,373.00	85.00	18,982,234.33	109.84%	18,420,696.77	15,225,625.15	88.10%	22
3	ERDF	Total	14,115,537.00	85.00	14,115,474.46	100.00%	13,184,991.84	10,145,795.32	71.88%	2
4	ERDF	Total	711,785.00	84.99	668,547.30	93.93%	631,474.74	668,547.30	93.93%	2
5	ERDF	Total	4,055,230.00	65.63	3,689,429.67	90.98%	3,689,429.67	2,299,032.32	56.69%	12
Total	ERDF		46,728,715.00	83.32	48,865,495.23	104.57%	45,218,029.96	38,915,692.74	83.28%	67
Grand total			46,728,715.00	83.32	48,865,495.23	104.57%	45,218,029.96	38,915,692.74	83.28%	67

Table 5 Breakdown of the cumulative financial data by category of intervention (Article 112(1) and (2) of Regulation (EU) No 1303/2013)³

Priority axis	Fund	Intervention field	Form of finance	Territorial dimension	Territorial delivery mechanism	Thematic objective dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations selected for support	Public eligible cost of operations selected for support	The total eligible expenditure declared by beneficiaries to the managing authority	Number of operations selected
1	ERDF	067	01	01	07	03		07	EE008	466,312.00	306,962.70	88,071.77	1
1	ERDF	067	01	01	07	03		13	LV006	878,155.85	616,464.23	878,047.88	2
1	ERDF	067	01	01	07	03		24	EE008	1,751,811.88	1,558,795.87	1,527,851.68	4
1	ERDF	067	01	01	07	03		24	LV003	345,582.93	331,263.59	345,582.93	1
1	ERDF	067	01	01	07	03		24	LV006	592,028.94	543,133.12	592,028.94	2
1	ERDF	067	01	03	07	03		24	EE008	641,165.51	641,165.51	641,165.51	3
1	ERDF	104	01	01	07	03		03	EE001	536,349.00	417,661.97	470,101.19	1
1	ERDF	104	01	01	07	03		03	LV006	138,898.13	118,063.40	138,898.13	1
1	ERDF	104	01	01	07	03		07	EE008	2,670,502.32	2,090,074.41	2,539,815.16	6
1	ERDF	104	01	01	07	03		13	EE004	315,770.00	268,404.50	310,929.13	1
1	ERDF	104	01	01	07	03		13	EE008	1,788,256.56	1,307,440.56	1,786,093.96	3
1	ERDF	104	01	01	07	03		13	LV006	664,907.10	533,065.47	649,887.24	2
1	ERDF	104	01	01	07	03		13	LV008	322,000.00	273,700.00	310,149.88	1
1	ERDF	104	01	01	07	03		24	EE008	298,069.25	285,241.61	298,069.25	1
2	ERDF	018	01	01	07	06		22	EE001	300,000.00	300,000.00	6,780.86	1

³ This table is completed according to Annex 1 of the Commission Implementing Regulation (EU) No 215/2014 of 7 March 2014. The codes of the economic dimension refer to the following:

- 24 Other unspecified services
- 03 Manufacture of food products and beverages
- 07 Other unspecified manufacturing services
- 13 Information and communication activities, including telecommunication. Information service activities, computer programming, consultancy and related activities
- 22 Activities linked to the environment and to climate change
- 18 Public administration
- 15 Tourism, accommodation and food service activities
- 18 Public administration

Priority axis	Fund	Intervention field	Form of finance	Territorial dimension	Territorial delivery mechanism	Thematic objective dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations selected for support	Public eligible cost of operations selected for support	The total eligible expenditure declared by beneficiaries to the managing authority	Number of operations selected
2	ERDF	018	01	01	07	06		22	LV003	638,736.36	573,332.21	385,976.07	2
2	ERDF	018	01	01	07	06		22	LV008	330,492.43	306,868.47	330,492.43	1
2	ERDF	018	01	02	07	06		22	EE008	330,385.66	280,827.79	330,385.66	1
2	ERDF	018	01	03	07	06		22	EE008	241,164.18	241,164.18	241,164.18	1
2	ERDF	021	01	01	07	06		22	EE001	1,080,451.24	1,074,563.37	882,655.09	3
2	ERDF	021	01	01	07	06		22	LV003	511,679.21	511,679.21	511,679.21	1
2	ERDF	021	01	01	07	06		22	LV006	805,959.66	805,959.66	571,454.14	2
2	ERDF	055	01	02	07	06		18	EE008	926,137.34	926,137.34	10,766.36	1
2	ERDF	055	01	02	07	06		18	LV008	5,303,202.66	5,303,202.66	5,219,658.23	1
2	ERDF	055	01	03	07	06		18	EE001	500,000.00	500,000.00	35,238.65	1
2	ERDF	091	01	01	07	06		15	EE001	1,014,971.16	928,648.21	1,014,971.16	1
2	ERDF	091	01	03	07	06		15	EE008	1,078,148.31	1,053,729.24	1,078,148.31	1
2	ERDF	091	01	03	07	06		15	LV003	1,079,265.39	1,012,576.17	1,079,265.39	1
2	ERDF	091	01	03	07	06		15	LV007	3,002,650.88	2,775,524.74	1,687,999.56	2
2	ERDF	091	01	03	07	06		15	LV008	1,838,989.85	1,826,483.52	1,838,989.85	2
3	ERDF	040	01	01	07	07		15	LV003	10,811,188.53	9,962,292.30	10,036,101.81	1
3	ERDF	040	01	01	07	07		15	LV006	3,304,285.93	3,222,699.54	109,693.51	1
4	ERDF	102	01	02	07	08		24	LV006	668,547.30	631,474.74	668,547.30	2
5	ERDF	121	01	07	07			18	EE001	1,213,476.87	1,213,476.87	539,514.03	5
5	ERDF	121	01	07	07			18	EE008	2,475,952.80	2,475,952.80	1,759,518.29	7

Table 6 Cumulative cost of all or part of an operation implemented outside the Union part of the programme area

1. Operation	2. The amount of ERDF support envisaged to be used for all or part of an operation implemented outside the Union part of the programme area based on selected operations (EUR)	3. Share of the total financial allocation to all or part of an operation located outside the Union part of the programme area (%) (column 2/total amount allocated to the support from the ERDF at programme level *100)	4. Eligible expenditure of ERDF support incurred in all or part of an operation implemented outside the Union part of the programme area declared by the beneficiary to the managing authority (EUR)	5. Share of the total financial allocation to all or part of an operation located outside the Union part of the programme area (%) (column 4/total amount allocated to the support from the ERDF at programme level *100)
Whey valorization	161 796.71	0.45%	161 796.69	0.45%
Delbi 2	73 885.09	0.20%	73 884.96	0.20%
EstLat Accelerate	26 059.57	0.07%	26 059.52	0.07%
Coastal Hiking	63 181.80	0.17%	63 181.69	0.17%
Livonian Culinary Route	139 416.37	0.38%	139 416.25	0.38%
GURINIMAS	155 052.06	0.43%	155 051.83	0.43%
WBWB	115 766.37	0.32%	115 766.21	0.32%
GroundEco	83 397.92	0.23%	83 397.80	0.23%
Valka-Valga mobility	8 775.30	0.02%	8 775.24	0.02%
PDS	255 123.96	0.70%	255 123.92	0.70%
PFM-AIHEN	22 882.12	0.06%	22 882.05	0.06%

Military Heritage	270 892.62	0.75%	117 300.94	0.32%
DAML	90 086.40	0.25%	26 682.74	0.07%
GeoRefAct	111 666.20	0.31%	13 477.29	0.04%
PACKGDEPO	44 965.00	0.12%	0.00	0.00%
WaterAct	104 016.92	0.29%	58 510.03	0.16%

4. SYNTHESIS OF THE EVALUATIONS (Article 50(2) of Regulation (EU) No 1303/2013)

In 2021, according to the programme Evaluation Plan, assessment of the programme result indicators was carried out. The work was performed by the company Gateway & Partners. The former assessment took place in 2018, the baseline values for the indicators were set in 2014/2015, except for the indicator *The use of harmonized geodetic reference system in Estonian-Latvian cross-border projects* under the SO 2.4 *More harmonized geodetic reference systems*, which was added to the programme in 2020. The measuring of this indicator will be carried out in 2023. The methodology for setting baseline values as well as the reports for all evaluations of the programme are available on the web page <https://estlat.eu/en/about-estlat/evaluation-and-surveys>. Gateway & Partners carried out the assessment for 5 RIs, for RIs 2.1 and 3.1 the information was collected by the JS, for RI 4.1 it was not possible to carry it out (see below). It should be noted that the assessment did not provide any analysis of the results, therefore it is hard to estimate, what is behind of one or another result; and from the samples, not all respondents answered to all questions.

RI 1.1 Share of entrepreneurs and new businesses in the region (not older than 3 years), which are ready for cross-border cooperation

The baseline was set on 53%, the target for 2023 is 59%, in 2018 the share was 46% and in 2021 even slightly lower – 45%. The sample size was 511. The biggest share of businesses, which have extended their activities are enterprises working in information and communication services – 36% and manufacturing – 31%. Latvians have extended more to the neighbouring markets already – 23% whereas for Estonians this figure is 10%. The main reasons why the extension to the neighbouring countries was not considered, were the following: working only for Estonian and Latvian market is enough - 47%, there is no interest and extension is not part of the business plans – 33%, specificity of the company – 26% and the company is too small or young – 17%.

RI 1.2 Share of entrepreneurs carrying out joint product and service development

With this indicator a remarkable progress can be evidenced. The baseline value was 14%, in 2018 the achievement was 13% but in 2021 we saw that 28% of entrepreneurs have carried out joint product or service development. The target for 2023 is 19% thus it is well exceeded. The sample size was 516. The reasons for not carrying out joint product or service development are much the same like for RI 1.1. In Estonia, 21% and in Latvia 16% are still planning to develop joint products or services. Latvians have statistically significantly more carried out joint product or service development with Estonian enterprises than Estonians with Latvians – 38% and 19%. Art, entertainment and recreation companies consider carrying out joint product and service development in the future with Estonian/Latvian companies statistically significantly more than sample average.

RI 2.1 Visitors to natural and cultural heritage sites.

The JS gathers the data for this indicator from pre-defined lists of cultural and natural sites in the programme area. The target value for 2023 is 3 786 000 visitors vis-à-vis the baseline, which was 3 103 576. In this case the first measuring was done in 2017 and resulted in 3 729 721 visitors, allowed to believe that the promised number would be reached and exceeded. However, as seen from the table above, in the chapter for Priority Axis 2, the number dropped to 2 585 486 visitors in 2021. It is obvious that the main reason for this decrease is COVID pandemic, which affected almost all spheres of economy. Nevertheless, there is a hope that the disease will recede, the society will recover, and the number will increase by 2023.

RI 2.2A Awareness of people about resource efficiency with a focus on waste and energy saving

The baseline value was 43%, in 2018 the result was 53%, which is equal to the target for 2023. In 2021, the figure dropped to 50%. The sample size was 2044 respondents whereas the number was equal – 1022 – for Estonia and Latvia.

The survey data allow to conclude that those who are aware of energy saving, also act energy efficiently and take action to save energy as often as possible. 63% of those who are very familiar with the topic act towards energy saving as often as possible, 27% of the respondents who know nothing of energy saving act towards energy saving as often as possible, and only 4% of people who know nothing about energy saving also do not care about it. The survey shows that Latvians know more about energy saving than Estonians – 46% and 38% respectively. In 2018, these figures were 50% and 43%. But, as in 2018, Estonians consider themselves to act more towards energy saving.

Regarding waste sorting, 64% of the respondents are aware of the waste sorting topic, 34 indicated that they are aware of the topic, but have no interest in it and 3% know nothing about waste sorting. The overall awareness of waste sorting is almost equal in Estonia, 65% and Latvia, 63%. People in Vidzeme Planning Region in Latvia and in Hiiu and Saare county in Estonia consider themselves to be more aware of waste sorting issues. The most widely sorted categories of waste are paper and cardboard with 65%, glass with 59% and hazardous waste with 56%.

RI 2.2W Cooperation intensity between institutions on management of water bodies and coastal areas.

10 organisations from Estonia and 13 from Latvia were questioned to find out about cooperation in the area of management of water bodies. The baseline value was 36%, the target for 2023 is 59%. The results show that we are moving towards the set objective, the intermediate figures being 46% in 2018 and 55% 2021.

At the time of the survey 57% (N=13) consider the cooperation regular, 17% (N=4) consider it to be limited. Results show that 19 organisations out of 23 (83%) are interested in regular cooperation. The main objectives of the cooperation were seen as the following: to improve the network of small ports; to exchange information and experience and coordination of management plans, sustainable management of common fishing supply, joint management of cross-border sea basin.

RI 2.3 The share of inhabitants in Valga and Valka considering Valga and Valka a joint entity

The baseline value was 21%, the target for 2023 is 28%. With this indicator, the medium results are really remarkable: 29% in 2018 and 46% in 2021.

212 inhabitants from Valga and 210 from Valka were questioned to find out how much people are considering these two cities as a joint entity. 34% think that Valga and Valka have grown together with some separate elements and 12% consider that the two cities have completely grown together. In 2018 the corresponding figures were 24% and 5%. As regards the activities, people would like to see more joint events like festivals, concerts, common town birthday celebration, joint fairs and markets. This is quite a change from 2018 when joint medical treatment, joint transport connections between the towns, creation of workplaces and joint businesses were among the most preferred joint activities.

RI 3.1 Number of visiting vessels in small harbours

The baseline was 6 420 vessels, the result of the assessment in 2018 was 7 789, in 2021 it was 6 871 vessels whereas the target for 2023 is 16 000 vessels. It was mentioned already in 2018 AIR and is repeated here that the target is too optimistic. It was expected that upgrade of small harbours with similar standards and becoming part of harbour network in Northern Europe would make the harbours in Estonian and Latvian coast attractive to maritime tourists and increase the number of local and foreign visitors. In 2021, the number would have definitely been bigger if there was not COVID pandemic. But even in this case the achievement of the target might not be realistic. However, the two harbours' projects are still running, and more marketing activities can be done. Therefore, there is a hope that the number will rise.

RI 4.1 Work commuters crossing the border

The baseline for this indicator is 2 753, in 2018 the result was 4 598 and for 2023 the established target was 3 100 commuters. Thus the target was exceeded already in 2018. This indicator was not measured in 2021 as with the GDPR entering into force the legislative framework changed, and this type of data collection was not allowed anymore. To be able to assess this indicator according to the applied methodology, Estonia needs to bring its national legislation in line with the GDPR, in Latvia it has been done but there is no such service provider available. On the other hand, and relying also on the impact evaluation of 2020, huge difference in commuters' numbers could not be expected in 2021. It was decided by the MC that measurement of this indicator would be skipped in 2021 and would be done in 2023.

5. ISSUES AFFECTING THE PERFORMANCE OF THE PROGRAMME AND MEASURES TAKEN (Article 50(2) of Regulation (EU) No 1303/2013)

In 2021, the Audit Authority carried out an audit of the Managing Authority's procedures on monitoring the tasks delegated to the Joint Secretariat and drafting the annual summary and management declaration. The final audit report was submitted to the MA in December 2021.

The system audit covered topics related to the following key requirements (KR) as defined in the Commission Delegated Regulation (EU) No 480/2014 and specified with the EC Guidance for the Commission and Member States on a common methodology for the assessment of management and control systems in the Member States (EGESIF_14-0010 18/12/2014):

KR 1: Adequate separation of functions and adequate systems for reporting and monitoring where the responsible authority entrusts execution of tasks to another body;

KR 3: Adequate information to beneficiaries;

KR 4: Adequate management verifications;

KR 8: Appropriate procedures for drawing up the Management Declaration and Annual Summary of the final audit reports and controls carried out.

Following the assessment, the KR 1, 3, and 4 received category 2 – works, but some improvements are needed, whereas KR 8 got category 3 - works partially; substantial improvements are needed. The main comment regarding the preparation of the Annual Summary was that there were no adequate procedures in place for drawing the Annual Summary and Management Declaration. The AA made several recommendations for improvement this particular procedure, which the MA took into account and respectively updated the DMCS. Actually, there were procedures established for the compilation of the Annual Summary and Management Declaration, but they were not described in so much detail in the DMCS. It should be mentioned that the Annual Summary and Management Declaration had always been submitted to the EC by deadline and so far the EC had accepted the said documents.

During the whole audit, the MA was available for the AA to provide comments and explanations. The auditors provided valid recommendations and based on that, the MA would review some of its procedures and update the DMCS.

In 2021 the AA started auditing the project Est-Lat51 *Valga-Valka Twin Town Centre Development (Valga-Valka Centre)*. Based on the audit work performed, the auditors concluded that the implementing project partner Valga Municipality Government, who carried out a public procurement "Valga – Valka Twin Town Centre Development" on behalf of both project partners, did not act in compliance with the Public Procurement Act. Procurement contract notice, published on 6 May 2019 contained restrictive selection criteria and did not take into account geographic location of the place of performance and object of the works. The procurement contract notice contained restrictive selection criterion, as the turnover requirement per lot was more than allowed in the Public Procurement Act. The verifications of the absence of grounds for exclusion of successful

tenderer and subcontractors were incomplete. The contract with the successful tenderer was substantially violated: the contract's terms of performance was extended 33%, and the final payment was made months before the contract allowed without obtaining permits of use.

MA continues with assessing the findings and making financial correction to the project.

To get assurance that the error was not of a systemic nature, upon the agreement with the EC additional audits on the high value item stratum projects would be carried out during 1st half of 2022 to establish error rate for the year 2021. These audits were outsourced.

The fact that in 2020 the error rate was zero and except Valga-Valka Centre project, no significant irregular expenditures were discovered by auditors also in 2021, gives hope that the case was a one-time finding.

Throughout the years the MA, FCs and JS have kept procurement issues under special attention. In both FCs, special procedures have been established for checking the procurements; in addition to the financial controller, the procurements are checked also by procurement specialists, who are the employees of the State Shared Service Centre in Estonia or Ministry of the Environmental Protection and Regional Development in Latvia.

It has been mentioned before in the report that COVID pandemic has possibly affected achievement of certain result indicators and has been at least partly the reason for the extension of some projects. However, it may be said that in general, COVID was not a surprise to the project partners anymore in 2021 and the activities were adjusted to the changed circumstances. In addition, both FCs and the JS respectively adjusted their approach to the site-visits and attending project events. Certain criteria have been established to decide in which case the visits can be made virtually or when physical presence is necessary.

6. CITIZEN'S SUMMARY (Article 50(9) of Regulation 1303/2013)

A citizen's summary is added as a separate file to this Annual Implementation Report.

7. REPORT ON THE IMPLEMENTATION OF FINANCIAL INSTRUMENTS (Article 50(9) of Regulation (EU) No 1303/2013)

Financial instruments are not applicable to the Estonia-Latvia programme.

8. PROGRESS IN PREPARATION AND IMPLEMENTATION OF MAJOR PROJECTS AND JOINT ACTION PLANS (Article 101 (h) and Article 111 (3) of Regulation (EU) No 1303/2013 and Article 14(3)(b) of Regulation (EU) No 1299/2013)

Major projects and joint action plans are not applicable to the Estonia-Latvia programme.

9. CONTRIBUTION TO MACRO-REGIONAL AND SEA BASIN STRATEGIES⁴

The territory of the programme is part of the area covered by the European Strategy for the Baltic Sea Region (EUSBSR or Strategy). In the implementation, the EUSBSR is taken into account as much as relevant. The programme has elaborated the criteria to decide whether the project contributes to the Strategy. The criteria are described in the Programme Manual, but in determining the contribution, it is essential that project impact reaches beyond the programme territory. The projects, which are labelled as contributing to the Strategy, are free to advertise their contribution and a respective notice has been made on the programme web page. The programme has presented supported tourism projects at the EUSBSR Forum (the Participation Day) and at the Baltic Sea Region Tourism Forum.

In the Estonia-Latvia programme, 5 projects contribute to the Strategy.

Integrated Nitrogen Management System for the Gulf of Riga (Gurinimas)

This project tackled the problem of excessive nitrogen loads coming from many land-based sources of Estonia and Latvia that causes eutrophication of the Gulf of Riga. In close cooperation, the Estonian and Latvian authorities and research institutions developed an integrated nitrogen management system for Gulf of Riga with the aim to reduce nutrient load.

Daily Allowable Maximum Loads to Decrease Nutrient Load to the Gulf of Riga (DAML)

DAML builds on the results of the project GURINIMAS and was contracted in 2020. The project has progressed well and by now the project partners have developed the report Daily Allowable Maximum Loads to decrease nutrient load to the Gulf of Riga. For the report, the watersheds of the Pärnu River in Estonia and the Salaca River in Latvia were analyzed to determine the main pollution sources.

Both these projects, contribute to the Strategy objective *Save the Sea* and are related to the Policy Area **Nutri**.

The project **Improvement of Sailing Infrastructure and Yacht Harbours Network Building in Estonia and Latvia (ESTLAT harbours)** supports creation of a network of small harbours on the western coast of Latvia and in the Gulf of Riga. The project has been described in the previous AIRs.

Improvement and Promotion of the East Baltic Coast Harbours Network (EASTBALTIC HARBOURS)

The project started its activities in September 2020 and is a complementary one to ESTLAT harbours. The objective is also the same: to improve, strengthen and expand sailing infrastructure of the network of harbours in Estonia and Latvia and to promote the East Baltic as a sailing destination. Four more harbours will be improved within the project.

⁴ In the SFC2014 system the EUSBSR is chapter 11.3 as the SFC follows the format of reports to be submitted in 2017, 2019 and final implementation report (longer version of reports).

Hiking Route in the Baltic Sea coastline in Latvia and Estonia (Coastal Hiking)

Within this project, a hiking tourism route along the Baltic Sea coastline in Estonia and Latvia was developed. This is a part of E9 route and starts at the Lithuania-Latvian border in the village of Nida and ends at the Port of Tallinn in Estonia with a total length of ca 1200 km. The route is divided into ca 20 km long one, or two-day sections with accommodation and transport options. Information on the hiking route can be found at <https://baltictrails.eu/en/coastal>.

These 3 projects contribute to the Strategy objective *Connect the Region* and are related to the Policy Area **Tourism**.

The programme does not have specific targets and indicators as stated in the EUSBSR Action Plan. The MC does not involve any macro-regional coordinators. The total ERDF amount allocated to the above five projects is 13 518 610.22 EUR.