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**Cooperation programme under European territorial
cooperation goal**

Annual Implementation Report 2018

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ABBREVIATIONS

| | |
|--------|--|
| AA | Audit Authority |
| CP | Cooperation Programme |
| DG EAC | Directorate General Education and Culture |
| DMCS | Description of the Management and Control System |
| eMS | electronic Monitoring System |
| EUSBSR | European Strategy for Education and Culture |
| EYCH | European Year of Cultural Heritage |
| JS | Joint Secretariat |
| MA | Managing Authority |
| MC | Monitoring Committee |
| PA | Priority axis |
| SO | Specific Objective |
| TA | Technical Assistance |
| ToR | Terms of Reference |

1. IDENTIFICATION OF THE ANNUAL IMPLEMENTATION REPORT

| | |
|--|-------------------------------------|
| CCI | 2014TC16RFCB050 |
| Title | Interreg V-A EE-LV - Estonia-Latvia |
| Version | 1.3 |
| Reporting year | 2018 |
| Date of the approval of the report by the monitoring committee | |

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 European Commission on 4 December 2015 with the decision C(2015) 8926.

The programme covers the following NUTS regions: EE004 Lääne-Eesti, EE008 – Lõuna-Eesti, LV003 - Kurzeme, LV006 – Rīga, LV007 – Pierīga, LV008 – Vidzeme. For the implementation of the programme the Agreement on management and administration of the Estonia-Latvia programme 2014-2020 was signed between the Republic of Latvia, the Republic of Estonia, and the Ministry of Finance of the Republic of Estonia on 07.07.2016. **The total budget of the programme is 46 728 593.00 EUR of which the EU support makes up 38 933 803.00EUR.** The programme has five priority axes with 8 relevant specific objectives, which are more elaborated further in the report, particularly in chapters 3 and 9.1. **By the end of 2018, 42 projects have been contracted with the ERDF amount of 28 825 815 EUR.**

In reporting financial information, according to the EC's instructions, the programme could select one of two options: either to report on the costs borne by beneficiaries, entered into payment claims and certified to the EC by the end of 2018; or to report on the costs incurred by the beneficiaries by the end of 2018 but entered into payment claims and certified to the EC in 2019 before submission of the AIR to the EC. We chose the 2nd option with the cut-off date of 15 April and 3 May 2019. Therefore, in table 4, the financial information is provided as of these dates.

2018 was a year that marked the beginning of the most intense and demanding time in the programme cycle in terms of the number of projects in implementation, reports and payments. We have also welcomed the expected results of the first finished projects. Two influential changes took place in 2018 - revisions and modifications of the Cooperation Programme and relocation of the MA and JS into State Shared Service Centre.

The MC assembled twice in 2018 to select projects for funding. At its first meeting in January 2018, the MC selected 6 projects for funding from 9 that applicants submitted during the 2nd call for proposals by 6 October 2017. In April 2018, the MC took the decisions for the 3rd call for proposals, which closed on 14 December 2017 and resulted with 23 submitted applications. These calls were dedicated to different PAs and SOs, which are described in chapter 3.

Also, the 4th call for proposals was opened for the SO 1.2 and SO 4.1 from 24 September 2018 to 3 January 2019 and it resulted in 14 project applications. In parallel with the 3rd and 4th call in 2018, the 5th call for proposals was prepared in 2018, the call was launched on 4 February 2019 for PA 2 and 4.

In 2018, we had altogether 257 organizations in 42 contracted projects, all actively progressing towards the set objectives, 6 of them finished their planned activities by the end of the year. The programme introduced the “Final report form” that the lead partners have to submit together with the last progress report of the project. In addition to describing the reached results in more detail, this form gives the lead partner the possibility to reflect on different aspects of project implementation and cooperation experience inside the partnership and with the programme authorities.

By spring 2018, the 1st call projects and the pre-defined project “ESTLAT harbours” under PA 3 “Better network of harbours”, had been running for a year. On 30 May, a Partner Day in the form of a thematic roundtable was organised for these projects. The aim was to discuss the best practice in capitalisation in promoting the results and cooperation possibilities between the projects that deal with the similar topic. The project partners outlined some practical things that could be implemented jointly as regards the marketing: to add information about nearby routes or tourism offers in the installed electronic kiosks, to add electronic maps of other routes on the webpages, to encourage participation of other projects in the project events and organize joint media trips. Much information can be shared and made useful through following each other in the social media. Projects suggested some initiatives for the programme as well: to add the Facebook accounts of projects to the profiles at estlat.eu, to organize thematic trainings on how to carry out good media trips, to help involving national tourism associations for discussing the sustainability and durability of the produced tourism products. In addition, projects had a possibility to discuss programme-related matters with the MA, FC and JS. 25 projects with 47 representatives attended the event.

The JS organized four partner seminars for the 13 newly financed projects of the 2nd and 3rd call. The Estonian and Latvian financial controllers and the JS gave information about the eligibility, reporting and publicity rules. In addition, guidance on the basic principles of state aid and public procurement regulations was provided.

The annual meeting of the MA, JS, AA and FC was organised to discuss the matters related to the findings in the reports by the FCs and CA, payments and eMS workflows, if to highlight the most important issues.

In September, the MA submitted to the EC the proposal for modification of the Cooperation Programme. The modification was approved by the EC on 12 December 2018 and it concerned PA 3. The content of the modification is described in chapter 3, under PA 3.

In accordance with the CP and the programme evaluation plan, we carried out the mid-term assessment of the fulfilment of the programme result indicators. In 2014 and 2015, the programme carried out surveys and gathered quantitative data for setting baseline values for 8 programme result indicators. In 2018, we repeated the surveys and gathered data using the same methodology to ensure the comparability and reliability of the results of the evaluation.

In 2018, the programme's monitoring system eMS was further developed. The developer, a company outsourced by the Interact, installed 6 updates and hotfixes to eMS. In addition, some programme specific elaborations were made like modification of payments arrangement so that accountants who pay out grant sums to the lead partner, have access to the monitoring system, and insert payment sums and dates directly to the system. This streamlined the processes and eliminated the need to send payment information back and forth between authorities.

Also, financial controllers' workflow was supplemented by plug-in, that checks that all necessary fields are filled and workflow stages followed, so that error rates would be minimized. This eliminated time-consuming fixing of occasional errors in later stages. In addition, several pdf customizations and minor changes were made.

The Government of Estonia with its decision from 15 March 2018, launched the pilot action to reform the administration of European Structural and Investment Funds in Estonia. In the frames of the reform, units of the Ministry of the Finance and Enterprise Estonia that implement EU structural funds were relocated to the State Shared Service Centre from 1 September 2018. The relocation concerned the MA, JS and Estonian Financial Control of the Estonia-Latvia programme. The MC approved the relocation and confirmed the adjusted DMCS on 30 August 2018. In the context of the relocation, the AA carried out a partial compliance assessment for the DMCS. By defining the audit scope, the AA took into account the references from the EC and the potential impact on the functioning of the management and control system of the programme. Based on the compliance audit, the AA issued its unqualified opinion on 31.12.2018.

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

3.1 Overview of implementation

3.2 Common and programme specific indicators (Article 50(2) of Regulation (EU) No 1303/2013)

In this chapter a general overview is given of all PAs. More comprehensive description including achievements is provided in chapter 9.1

Priority axis 1 Active and attractive business environment

In the beginning of 2018, the programme had **18 contracted projects under the SO 1.1 "Increased entrepreneurial cross-border cooperation in the programme area"**, and **SO 1.2 "More jointly developed products and services in the programme area"**. Considering the programme indicators and available funds the **programme launched the 3rd call for proposals for SO 1.2** that targeted the cooperation of the small and medium size enterprises. Applicants submitted 23 applications and 17 of them reached the selection stage. **In April 2018, the MC selected 7 projects** for funding and the MA contracted 6 of them by the end of the year. One lead applicant decided to withdraw the project due to the changes in the business strategy of the lead partner's company. That is why the number of projects is different here below: 24, and in table 4: 25 as this number refers to selected projects. Projects approved in 2017 develop altogether 16 products and services. After the 3rd call in 2018, the programme granted support for additional 6 products in 6 new projects. The programme has never limited the economic sector for support. Therefore the variety of the new developed products is also wide: organic laundry washing capsules, cloud-based IT platform for poultry flock management,

integrated ticket management solution, integrated web-service that combines existing satellite imagery analysis, wireless wall-mounted control panel for smart home and automation of product data flow in supply chain. **Altogether 24 contracted projects implemented or started their activities in 2018 – 9 projects under SO 1.1 with ERDF amount of 2 652 469.78 EUR and 15 under SO 1.2 with ERDF amount of 5 067 920.93 EUR.**

Table 1 Result indicators, PA 1

| ID | Indicator | Measurement unit | Baseline value | Baseline year | Target value (2023) Total | 2018 Total | 2018 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% | | The observations regarding fulfilment of the result indicators have been presented in the chapter 4, « Synthesis of the Evaluation » and therefore no additional comments will be added here. This goes for the result indicators of all priority axes. |
| S02 | Share of entrepreneurs carrying out joint product or service development | % | 14% | 2014 | 19% | 13% | | |

Table 2 Common and programme specific output indicators, PA 1

| | ID | Indicator | Measurement unit | Target value | 2016 | 2017 | 2018 | Observations |
|----------------|------|--|------------------|--------------|------|--------|--------|--------------|
| F ¹ | CO01 | Productive investment: Number of enterprises receiving support | Enterprises | 125.00 | 0.00 | 109.00 | 697.00 | |

¹ F=Cumulative value — outputs delivered by operations [actual achievement] S=Cumulative value — outputs to be delivered by selected operations [forecast provided by beneficiaries]. In Estonia-Latvia programme, annual forecast of fulfilment of output indicators is not foreseen, therefore „S“ cells for separate years have been left empty.

| | | | | | | | | |
|---|------|--|-------------|--------|------|--------|----------|---|
| S | CO01 | Productive investment: Number of enterprises receiving support | Enterprises | 125.00 | | 0.00 | | In Estonia-Latvia programme 2014-2020 the annual forecast of fulfilment of indicators is not asked and not provided by beneficiaries. In table 2, in the box S, the forecast of the 1st call for proposal is provided. This goes for all PAs. |
| F | CO04 | Productive investment: Number of enterprises receiving non-financial support | Enterprises | 125.00 | 0.00 | 109.00 | 697.00 | |
| S | CO04 | Productive investment: Number of enterprises receiving non-financial support | Enterprises | 125.00 | | 0.00 | | 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 | 500.00 | 0.00 | 285.00 | 3 726.00 | |
| S | O01 | Participants at project events, except management meetings | Number | 500.00 | | 0.00 | | According to the forecast provided by the beneficiaries, there will be 2735 participants in the project events. |
| F | O02 | Jointly organised events, except management meetings | Number | 30.00 | 0.00 | 3.00 | 117.00 | |
| S | O02 | Jointly organised events, except management meetings | Number | 30.00 | | 0.00 | | Based on the projects, there will be 165 jointly organised events. |
| F | CO01 | Productive investment: Number of enterprises receiving support | Enterprises | 105.00 | 0.00 | 16 | 36.00 | |
| S | CO01 | Productive investment: Number of enterprises receiving support | Enterprises | 105.00 | | 0.00 | | Based on the applications, 342 enterprises will receive support. However, the number will increase with the subsequent 4 th call. |
| F | CO02 | Productive investment: Number of enterprises receiving grants | Enterprises | 25.00 | 0.00 | 4.00 | 32.00 | |
| S | CO02 | Productive investment: Number | Enterprises | 25.00 | | 0.00 | | Based on the results of the first and third call, 32 enterprises receive grants. |

| | | | | | | | | |
|---|------|--|-----------------------|-------|------|------|-------|--|
| | | of enterprises receiving grants | | | | | | However, the number will increase with subsequent 4 th call. |
| F | CO04 | Productive investment: Number of enterprises receiving non-financial support | Enterprises | 80.00 | 0.00 | 1.00 | 4.00 | |
| S | CO04 | Productive investment: Number of enterprises receiving non-financial support | Enterprises | 80.00 | | 0.00 | 4.00 | Based on the projects, 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 | 31.80 | |
| S | CO08 | Productive investment: Employment increase in supported enterprises | Full time equivalents | 60.00 | | 0.00 | | Based on the project applications, 75 work places will be created. |
| F | O03 | Joint products and services developed in cooperation | Number | 12.00 | 0.00 | 1.00 | 6.00 | |
| S | O03 | Joint products and services developed in cooperation | Number | 12.00 | | 0.00 | | Based on the project applications, 22 joint products and services will be delivered in cooperation. The number will increase after the 4th call. |
| F | O04 | Joint marketing activities | Number | 12.00 | 0.00 | 0.00 | 7.00 | |
| S | O04 | Joint marketing activities | Number | 12.00 | | 0.00 | | Based on the project applications, 27 joint marketing activities will be carried out. The number will increase after the 4th call. |

Priority axis 2 Clean and valued living environment

In the framework of the 2nd call for proposals, which was targeted to the **PA 2 “Clean and valued living environment”** and **4 “Integrated labour market”**, applicants submitted 9 applications within PA 2 and in January 2018 the MC selected 5 of them for funding, 1 project under **SO 2.1 “More diversified and sustainable use of natural and cultural heritage”** and 4 projects under **SO 2.2 “Increased awareness of energy saving, sorting waste and re-use, and the more efficient management of common water resources”**. The Subsidy Contracts were signed by summer 2018. In addition to the two different hiking trails, UNESCO sites and culture, reviving of industrial heritage and creation of Livonian culinary route financed under the 1st call for proposals, we have a new tourism product to be developed that invites visitors to the open gardens. Two projects under SO 2.2 bring three public campaigns that are targeting environmentally friendlier behaviour. Another two projects are aiming at four joint management initiatives for water or coastal areas. To ensure the variety of tourism products, the programme has taken the approach not to support the same topic in different tourism projects.

The only project under SO 2.3 More integrated Valga-Valka central urban area was contracted in 2017 and continued its activities in 2018. **Altogether 15 projects are contracted in priority 2: 6 projects under SO 2.1 with contracted ERDF in total 5 389 766.91 EUR, 8 projects under SO 2.2 with contracted ERDF amount of 2 627 778.80 EUR and 1 project under SO 2.3 with ERDF of 2 999 999.98 EUR.**

Table 1 Result indicators, PA 2

| ID | Indicator | Measurement unit | Baseline value | Baseline year | Target value (2023) Total | 2018 Total | 2018 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% | | |
| 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% | | |
| S08 | The share of inhabitants of Valga and Valka recognising Valga-Valka as a joint town | % | 21% | 2015 | 28% | 29% | | |
| | The number of visitors to the natural and cultural heritage sites | Number | 3 103 576 | 2014 | 3 786 000 | 3 729 721 (for 2017) | | |

Table 2 Common and programme specific output indicators, PA 2

| ID | Indicator | Measurement unit | Target value | 2016 | 2017 | 2018 | Observations |
|-------|--|------------------|--------------|------|------|-------|---|
| F 006 | Improved natural or cultural heritage sites | Number | 35.00 | 0.00 | 0.00 | 14.00 | The projects started in 2017 and 2018 and the duration for the most of them is 3 years. The sites are gradually being improved and the results reported mostly in 2020. |
| S 006 | Improved natural or cultural heritage sites | Number | 35.00 | | 0.00 | | According to the project applications of the first and second call, 110 improved natural or cultural heritage sites will be presented. |
| F 007 | (Sets of) products or services that are created based on cultural or natural | Number | 7.00 | 0.00 | 0.00 | 0.00 | The projects started in 2017 and 2018 and the duration for the most of them is 3 years. The product (sets of product) development reaches |

| ID | Indicator | Measurement unit | Target value | 2016 | 2017 | 2018 | Observations |
|-------|---|------------------|--------------|------|--------|----------|---|
| | heritage | | | | | | the results by the end of the projects in 2019-2021. |
| S O07 | (Sets of) products or services that are created based on cultural or natural heritage | Number | 7.00 | | 0.00 | | According to the project applications of the first and second call, 6 (sets of) products or services that are created based on cultural or natural heritage will be delivered. The indicator is expected to be fulfilled after subsequent 5 th call. |
| 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 | 5.00 | The projects started in 2017 and 2018 and the duration for the most of them is 3 years. The indicator will be fulfilled the end of the projects in 2019-2021. |
| 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 | | According to the approved applications of the first and second call, 9 cross-border networks will be established. |
| F 21 | Improved and revitalised cross-border joint urban area | Square meter | 8 000.00 | 0.00 | 0.00 | 0 | The project started in 2017. Due to the complexity of the compiling the cross-border building design, the project reaches the construction procurement only in 2019. No achievements can be reported. |
| S 21 | Improved and revitalised cross-border joint urban area | Square meter | 8 000.00 | | 0.00 | | This indicator concerns only one specific project and 18 000 square meters of improved joint urban area of Valga and Valka will be achieved by the end of the project. |
| F O09 | Participants at project events, except management meetings | Number | 450.00 | 0.00 | 253.00 | 6 833.00 | |
| S O09 | Participants at project events, except management meetings | Number | 450.00 | | 0.00 | | According to estimations provided by the beneficiaries of the first and second call, the expected number of participants is 4355. |
| F O10 | Public campaigns that are targeted at environmentally-friendlier behaviour | Number | 6.00 | 0.00 | 1.00 | 5.00 | The two finalised projects «Green Public Events » and « SEC » delivered their targeted outputs. |
| S O10 | Public campaigns that are targeted at | Number | 6.00 | | 0.00 | | Based on the estimations of the applications, the number of public |

| | ID | Indicator | Measurement unit | Target value | 2016 | 2017 | 2018 | Observations |
|---|-----|---|------------------|--------------|------|------|-------|---|
| | | environmentally-friendlier behaviour | | | | | | campaigns to be carried out is 6, but the target is expected to be higher after subsequent 5th call. |
| F | O11 | Joint management initiatives for water or coastal areas | Number | 5.00 | 0.00 | 0.00 | 1.00 | 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 2019 and 2020. |
| S | O11 | Joint management initiatives for water or coastal areas | Number | 5.00 | | 0.00 | | Based on the applications there will be 6 joint management initiatives. The target may become higher after the subsequent 5th call. |
| F | O12 | Small-scale investments | Number | 40.00 | 0.00 | 1.00 | 54.00 | |
| S | O12 | Small-scale investments | Number | 40.00 | | 0.00 | | Based on the project applications, 45 small-scale investments will be delivered. The target is expected to be higher after subsequent 5th call. |

Priority axis 3 Better network of harbours

The only pre-defined project **“Improvement of sailing infrastructure and yacht harbours network building in Estonia and Latvia” (“ESTLAT harbours”)** under **SO 3.1 “An improved network of small harbours with good levels of service”**, progressed towards the objectives as planned, in general.

As a result of CP modification mentioned in chapter 2, 913 119 EUR of the outstanding ERDF credits from European Neighbourhood Instrument (ENI) CBC programmes 2014-2020 was transferred to Estonia-Latvia programme 2014-2020. The MC decided to allocate this amount to the PA 3. In addition, 1 751 006 EUR of the Union funding within the programme was transferred from PA 1 to PA 3. The proposal for modification derived from the recognition that the PA 3 is very beneficial and effective - the created Estonian and Latvian network of harbours has a potential to become part of the wider Baltic Sea small harbours network.

In relation to the re-allocation of funds, the proposal involved the increase of the target value of the programme-specific result indicator “The number of visiting vessels at small harbours” in 2023 from 15 000 to 16 000 visiting vessels. The increased amount was not allocated to the ongoing project but it was decided to select new project(s) in PA 3 in 2020. **The ERDF contracted amount for the project “ESTLAT harbours” is 9 333 981.31 EUR.**

Table 1 Result indicators, PA 3

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

Table 2 Common and Programme specific output indicators, PA 3

| | ID | Indicator | Measurement unit | Target value | 2016 | 2017 | 2018 | Observations |
|---|-----|---------------------------------------|------------------|--------------|------|------|------|---|
| F | O13 | Small harbours with improved services | Number | 23.00 | 0.00 | 0.00 | 0.00 | There are harbours that have completed their investments in 2018, but as the respective reports were not officially completed, no outputs can be reported here. |

| | ID | Indicator | Measurement unit | Target value | 2016 | 2017 | 2018 | Observations |
|---|-----------|---------------------------------------|-------------------------|---------------------|-------------|-------------|-------------|---|
| S | O13 | Small harbours with improved services | Number | 23.00 | | 0.00 | | The OP was amended, and in addition to the one contracted pre-defined project there will be 1-2 more. The indicator will be achieved by the end of the programme. |

Priority axis 4 Integrated labour market

Under this PA, the projects, which raise awareness of the labour issues in the border areas of Estonia and Latvia as well as provide labour mobility services and opportunities are expected. There is one SO under this PA, **SO 4.1 “Improved conditions for accessing jobs across the border”** and currently two running projects are implemented within this SO, one contracted in 2017 and another in 2018 resulting the 2nd call for proposals. **In total 753 897.32 EUR of ERDF is contracted for these two projects.** The projects are aiming at developing 5 new and/or improved services for job seekers and/or job providers and engage 312 participants in cross-border mobility initiatives.

Table 1 Result indicators, PA 4

| ID | Indicator | Measurement unit | Baseline value | Baseline year | Target value (2023) Total | 2018 Total | 2018 Qualitative | Observations |
|-----|------------------------------------|-------------------|----------------|---------------|---------------------------|------------|------------------|--------------|
| S06 | Work commuters crossing the border | Number of persons | 2 753 | 2014 | 3 100 | 4 598.40 | | |

Table 2 Common and Programme specific output indicators, PA 4

| | ID | Indicator | Measurement unit | Target value | 2016 | 2017 | 2018 | Observations |
|---|-----|---|------------------|--------------|------|------|--------|---|
| F | O14 | New and/or improved services for job seekers and/or job providers | Number | 2.00 | 0.00 | 0.00 | | |
| S | O14 | New and/or improved services for job seekers and/or job providers | Number | 2.00 | | 0.00 | 4.00 | Based on the applications of the 1st and 2 nd call, there will be 5 new and/or improved services for job seekers and/or job providers. |
| F | O15 | Participants in cross-border mobility initiatives | Number | 160.00 | 0.00 | 0.00 | 955.00 | |

| | | | | | | | | |
|---|-----|---|--------|--------|--|------|--|--|
| S | O15 | Participants in cross-border mobility initiatives | Number | 160.00 | | 0.00 | | The projects forecasted 312 participants in the cross-border mobility initiatives. |
|---|-----|---|--------|--------|--|------|--|--|

Priority axis 5 Technical assistance

The TA budget in total for 2018 for carrying out the activities according to the work plan was **597 184.87 EUR: 427 500.00 EUR** for the JS and **169 684.87 EUR** for the MA and AA. Besides staff costs, the most significant share of TA was used for external expertise included in JS budget, which *inter alia* included financial assessment of the project applications, carrying out performance evaluation of the programme, carrying out surveys for assessment of result indicators, seminars and events for applicants and beneficiaries as well as for larger public, development of eMS, maintenance of the web-site, MC and programme authorities meetings.

Regarding the programme staff, in the MA, the Head of the MA, one adviser and the chief specialist were working with 0.5 work-load for the programme and one adviser worked full time. In the JS, there are seven employees working full time and the eMS manager is shared with the Estonia-Russia CBC programme.

Table 2 Common and programme specific output indicators, PA 5

| | ID | Indicator | Measurement unit | Target value | 2016 | 2017 | 2018 | Observations |
|---|-----|---|------------------|--------------|------|-------|--------|--|
| F | O17 | Approved projects | Number | 45.00 | 0.00 | 29.00 | 43.00 | |
| S | O17 | Approved projects | Number | 45.00 | | 29.00 | 43.00 | Please see the observation in table 3, PA 1, approved projects |
| F | O18 | Face-to-face consultations provided to applicants | Number | 220.00 | 71 | 135 | 174.00 | In 2018 the JS provided 39 consultations, 18 of which qualified as compulsory according to the programme rules for the 4th call. |
| S | O18 | Face-to-face consultations provided to applicants | Number | 220.00 | | 0.00 | | |
| F | O19 | Events organised for applicants, partners of supported projects, and the general public | Number | 50.00 | 4 | 19.00 | 27.00 | The figure is cumulative for all years. |
| S | O19 | Events organised for applicants, partners of supported projects, and the general public | Number | 50.00 | | | 0.00 | |
| F | O20 | Employees (full-time equivalents - FTEs) whose salaries are co-financed by technical assistance | Number | 12.00 | | | 11.00 | The FTE for 2018 represents 2.5 for MA, 1 for AA, 7.5 for JS. |

| | ID | Indicator | Measurement unit | Target value | 2016 | 2017 | 2018 | Observations |
|---|-----|---|------------------|--------------|------|------|------|--------------|
| S | O20 | Employees (full-time equivalents - FTEs) whose salaries are co-financed by technical assistance | Number | 12.00 | | | 0.00 | |

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

Table 3

| PA | Ind type | ID | Indicator | Measurement unit | Milestone for 2018 Total | Target value (total) (2023) | 2018 Total | 2018 Qualitative | Observations |
|----|----------|-----|--|------------------|--------------------------|-----------------------------|--------------|------------------|--|
| 1 | F | F01 | Expenditure², priority axis 1 | EUR | 2 514 380.00 | 11 314 329.00 | 3 613 214.79 | | |
| 1 | I | 03 | Approved projects | number | 10 | | 24 | | There are 24 projects contracted under PA1. The MC had selected 25 projects, but one decided to withdraw the application officially in 2019. |
| 1 | O | O03 | Joint products and services developed in cooperation | number | 0 | 12 | 8 | | According to applications, 22 joint products or services will be developed. |
| 1 | O | O04 | Joint marketing activities | number | 0 | 12 | 7 | | According to applications, 27 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 | | |
| 2 | I | 03 | Approved projects | Number | 9 | | 15 | | |
| 2 | O | O07 | (Sets) of products or services that are created based on | Number | 0 | 7 | 0 | | According to current project applications, 6 (sets of) products and services will be created. The number |

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

| | | | | | | | | | |
|---|---|-----|--|--------------|--------------|---------------|--------------|--|---|
| | | | cultural or natural heritage | | | | | | will be higher after financing decisions of 5 th call. |
| 2 | O | O10 | Public campaigns that are targeted at environmentally-friendlier behaviour | Number | 0 | 6 | 5 | | |
| 2 | O | O11 | Joint management initiatives for water and coastal areas | Number | 0 | 5 | 1 | | According to current project applications 6 joint management initiatives will be delivered. |
| 2 | O | O21 | Improved and revitalised cross-border joint urban area | Square meter | 0 | 18 000 | 0 | | |
| 3 | F | F03 | Expenditure. Priority axis 3 | EUR | 2 064 480.00 | 14 115 537.00 | 2 081 774.72 | | |
| 3 | I | 03 | Approved projects | number | 1 | | 1 | | |
| 3 | I | 01 | Small harbours within approved projects aimed at improving those harbours | number | 10 | | 21 | | |
| 3 | O | O13 | Small harbours with improved services | number | | 23 | 0 | | |
| 4 | F | F04 | Expenditure, priority axis 4 | EUR | 223 649.00 | 1 189 626.00 | 157 096.37 | | Please see chapter 14. |
| 4 | I | 03 | Approved projects | Number | 1 | | 2 | | |
| 4 | O | O14 | New and/or improved services for job seekers and/or job providers | Number | 0 | 2 | 4 | | |

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

Table 4 Financial information at priority axis and programme level

| The financial allocation of the priority axis based on the operational programme | | | | | Cumulative data on the financial progress of the operational programme | | | | | | |
|--|------|--|-------------------|-----------------------|--|---|---|---|--|-------------------------------|---|
| Priority axis | Fund | Basis for the calculation of Union support | 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 as of 15 April and 3 May 2019 and certified to the Commission by the submission of this report | Proportion of the total allocation covered by eligible expenditure declared by beneficiaries (%) | Number of selected operations | Total eligible expenditure incurred and paid by beneficiaries and certified to the Commission by 31/12/2018 Article 21(2) of Regulation (EU) No 1303/2013 |
| 1 | ERDF | Total | 11 314 329.00 | 85.00 | 9 589 968.73 | 84.76% | 8 054 453.80 | 3 613 214.79 | 31,93 | 24 | 1 776 178.54 |
| 2 | ERDF | Total | 16 053 871.00 | 85.00 | 12 961 818.61 | 80.74% | 12 239 080.25 | 3 658 020.60 | 22.79 | 15 | 2 133 413.11 |
| 3 | ERDF | Total | 14 115 537.00 | 85.00 | 10 981 154.53 | 77.79% | 10 106 763.40 | 2 081 774.72 | 14.75 | 1 | 629 759.31 |
| 4 | ERDF | Total | 1 189 626.00 | 85.00 | 886 938.08 | 74.56% | 848 487.35 | 157 096.37 | 13.21 | 2 | 57 907.95 |
| 5 | ERDF | Total | 4 055 230.00 | 65.63 | 1 895 638.87 | 46.75% | 1 895 638.87 | 617 084.90 | 15.22 | 6 | 117 681.58 |
| Total | ERDF | | 46 728 593.00 | 83.32 | 36 315 518.82 | 77.72% | 33 144 423.67 | 10 127 191.38 | 21.68 | 48 | 4 714 940.49 |
| Grand total | ERDF | | 46 728 593.00 | 83.32 | 36 315 518.82 | 77.72% | 33 144 423.67 | 10 127 191.38 | 21.68 | 48 | 4 714 940.49 |

Table 5 Breakdown of the cumulative financial data by category of intervention (Article 112(1) and (2) of Regulation (EU) No 1303/2013³

| 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 | | 24 | EE008 | 1 350 850.00 | 1 226 026.75 | 419 228.28 | 3 |
| 1 | ERDF | 067 | 01 | 01 | 07 | 03 | | 24 | LV003 | 389 365.97 | 362 427.84 | 116 665.80 | 1 |
| 1 | ERDF | 067 | 01 | 01 | 07 | 03 | | 24 | LV006 | 619 101.69 | 568 313.60 | 148 303.85 | 2 |
| 1 | ERDF | 067 | 01 | 03 | 07 | 03 | | 24 | EE008 | 763 035.10 | 763 035.10 | 233 020.62 | 3 |
| 1 | ERDF | 104 | 01 | 01 | 07 | 03 | | 03 | EE001 | 536 349.00 | 417 661.98 | 218 692.60 | 1 |
| 1 | ERDF | 104 | 01 | 01 | 07 | 03 | | 03 | LV006 | 848 116.30 | 660 043.29 | 86 785.97 | 3 |
| 1 | ERDF | 104 | 01 | 01 | 07 | 03 | | 07 | EE008 | 3 774 236.72 | 2 698 121.50 | 579 226.67 | 8 |
| 1 | ERDF | 104 | 01 | 01 | 07 | 03 | | 13 | EE004 | 315 770.00 | 268 404.50 | 211 259.97 | 1 |
| 1 | ERDF | 104 | 01 | 01 | 07 | 03 | | 13 | EE008 | 765 584.45 | 493 198.59 | 297 353.55 | 1 |
| 1 | ERDF | 104 | 01 | 01 | 07 | 03 | | 13 | LV008 | 322 000.00 | 273 700.00 | 5 000.00 | 1 |
| 1 | ERDF | 104 | 01 | 01 | 07 | 03 | | 24 | EE008 | 346 010.00 | 327 375.20 | 75 514.27 | 1 |
| 2 | ERDF | 018 | 01 | 01 | 07 | 06 | | 22 | LV003 | 259 720.80 | 220 762.67 | 15 566.93 | 1 |
| 2 | ERDF | 018 | 01 | 01 | 07 | 06 | | 22 | LV008 | 344 452.80 | 321 382.97 | 5 000.00 | 1 |
| 2 | ERDF | 018 | 01 | 02 | 07 | 06 | | 22 | LV006 | 457 942.94 | 389 251.49 | 65 987.93 | 1 |
| 2 | ERDF | 018 | 01 | 03 | 07 | 06 | | 22 | EE008 | 289 730.00 | 289 730.00 | 149 326.23 | 1 |
| 2 | ERDF | 021 | 01 | 01 | 07 | 06 | | 22 | EE001 | 837 546.00 | 831 657.60 | 168 590.23 | 2 |
| 2 | ERDF | 021 | 01 | 01 | 07 | 06 | | 22 | LV006 | 959 579.92 | 959 579.92 | 158 063.59 | 2 |
| 2 | ERDF | 055 | 01 | 02 | 07 | 06 | | 18 | LV008 | 3 529 411.76 | 3 529 411.76 | 106 169.62 | 1 |
| 2 | ERDF | 091 | 01 | 03 | 07 | 06 | | 15 | EE001 | 1 059 789.00 | 971 673.00 | 230 315.20 | 1 |
| 2 | ERDF | 091 | 01 | 03 | 07 | 06 | | 15 | EE008 | 1 174 938.10 | 1 174 938.10 | 332 668.59 | 1 |
| 2 | ERDF | 091 | 01 | 03 | 07 | 06 | | 15 | LV003 | 1 143 135.40 | 1 074 300.85 | 260 946.77 | 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 | 091 | 01 | 03 | 07 | 06 | | 15 | LV007 | 1 089 737.80 | 963 820.36 | 316 213.79 | 1 |
| 2 | ERDF | 091 | 01 | 03 | 07 | 06 | | 15 | LV008 | 1 873 302.00 | 1 834 898.25 | 468 938.46 | 2 |
| 3 | ERDF | 040 | 01 | 01 | 07 | 07 | | 15 | LV006 | 10 981 154.53 | 10 106 763.40 | 2 081 774.72 | 1 |
| 4 | ERDF | 102 | 01 | 02 | 07 | 08 | | 24 | LV006 | 886 938.08 | 848 487.35 | 62 907.95 | 2 |
| 5 | ERDF | 121 | 01 | 01 | 07 | | | 18 | EE001 | 1 895 638.87 | 1 895 638.87 | 617 084.90 | 6 |

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 | 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 | 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 | 156 327.55 | 0.43% | 48 930.66 | 0.13% |
| Delbi 2 | 72 250.00 | 0.20% | 24 382.67 | 0.07% |
| EstLat Accelerate | 26 059.58 | 0.07% | 9 702.89 | 0.03% |
| Coastal Hiking | 60 820.05 | 0.17% | 22 102.11 | 0.06% |
| Livonian Culinary Route | 135 031.85 | 0.37% | 50 916.45 | 0.07% |
| GURINIMAS | 149 850.75 | 0.41% | 62 768.77 | 0.17% |

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

In 2014 and 2015 the programme carried out surveys and gathered quantitative data for setting the baseline values for 8 programme result indicators. In 2018, in accordance with the CP and Evaluation Plan, the surveys were repeated and gathered data using the same methodology to ensure the comparability and reliability of the results of the evaluation. Both surveys are available at <https://estlat.eu/en/about-estlat/evaluation-and-surveys>.

The first tender for assessment was launched in August 2018, but it failed as it exceeded the allowed price limit for simplified procurement. The repeated tender was successful and a contract was signed with Faktum&Ariko on 19 November 2018. The tender included assessment of 5 result indicators. Progress of 2 result indicators: “*Number of visitors at cultural and natural heritage sites*” and “*Number of visiting vessels at small harbours*” were carried out by the JS. The assessment of the result indicator “*Work commuters crossing the border*” was performed by Estonian service provider Positium, which is the only company that provides passive mobile positioning service in Estonia and Latvia.

The results of the assessment in figures are provided in chapter 3, in table 1, Result indicators (by priority axis and specific objective) after each PA.

Six out of eight result indicators demonstrate the increase compared to the baseline value in 2014/2015. Looking at the figures at least at present there is no reason to be sceptical about reaching the targets in 2023 except number of visiting vessels in small harbours, where the target may have been over-estimated. Although compared to the baseline, the 2018 figures are higher, 6 420 and 7 789 respectively it is still challenging to reach the target in 2023, which is 16 000 visiting vessels. The programme is doing its best to attract the tourists and also national resources are allocated to the development of small harbours. Achievement of this target tends to depend on external factors more than any other indicator. The sailing season is rather limited in Estonia and Latvia and unfavourable weather conditions may considerably affect the flow of recreational sailors.

The result has dropped for the indicator 1.1. “*Share of entrepreneurs and new businesses in the region (not older than 3 years), which are ready for cross-border cooperation*” from 53% as a baseline value to 46% in 2018. The most common reasons why the entrepreneurs are not eager to enter the neighbouring, including Latvian/Estonian market are: lack of interest and the extension does not match with the business plans for 47%; home market is sufficient for 23%; company is too young or small - 11%. Transport and storage, as well as manufacturing are the branches that have extended most to the neighbouring countries whereas the lowest figures in extension can be evidenced in accommodation and food service activities and in education.

The result of the indicator 2.2 “*Share of entrepreneurs carrying out joint product or service development*” was also a little lower in 2018 compared to the baseline value, 14%. However, it may-be mentioned that in addition to 13% carrying out joint product or service development, 10% are planning to do it. The reasons for not doing it are mostly the same as for the result indicator 1.1. In the field of arts, entertainment and recreation (27%) and other services (20%) companies have carried out statistically significantly more joint product or service development. Manufacturing companies are the leaders among those who plan to carry out joint product or service development.

The programme does not have information, what has caused this decrease. It can only be guessed that one reason can still be that people leave the rural areas that are considered unattractive. However, it is expected that the projects implemented within the Estonia-Latvia programme will set a good example and the entrepreneurship will find new ways of development. The first projects started only in 2017 and are in the middle of implementation and thus their impact and contribution is still too early to measure.

Result indicators related to the PA 2 show a growing trend, there is no doubt that the indicator *“The number of visitors at cultural and natural heritage sites”* will reach the target value. For the indicator *“Awareness of people about resource efficiency with a focus on waste and energy saving”*, the target for 2023 has already been achieved. Regarding this indicator, perhaps it is worth mentioning that in Latvia people consider themselves to know statistically significantly more about energy saving than Estonians, 50% and 43% respectively, but Estonians consider themselves to act more towards saving energy.

Regarding waste-sorting, Estonians consider their awareness to be higher than that of Latvians- 77% and 62% respectively. Among the planning regions in the programme area, the waste sorting percent is lowest in Riga – only 52% of the households sort waste whereas the figure is highest in Vidzeme with 73%. In the programme area in Estonia the lowest waste sorting rate is in Viljandi county - 75% and the highest in the island of Saaremaa - 92%. The most widely sorted waste categories are paper and carton 57%, glass 51%, plastic packages 49%.

11 Estonian and 11 Latvian organisations involved in water management were questioned to have the result of the indicator *“Cooperation intensity between institutions on management of water bodies and coastal areas”*. Currently the cooperation intensity is 46% compared to 36% as a baseline value. 20 organisations out of 22 are interested in regular cooperation. The report identifies 15 different modes and purposes for cooperation. To mention some of them, the purposes include fishing resource protection, railroad influence on environment evaluation, Baltic Sea costal planning, evaluation of State Environmental Services tasks and efficiency.

It is good to learn that more people consider Valga (EE) and Valka (LV) as joint town. This is demonstrated by the survey result of the indicator *“The share of inhabitants of Valga and Valka considering Valga and Valka as a joint entity”*. 24% of inhabitants consider that Valga and Valka are rather grown together with some separate elements while 5% consider Valka and Valga as one town. An average, Estonians consider Valga and Valka to be more joint than Latvians. The survey also asked about preferences in joint activities. Here, joint medical treatment, joint transport connections between the towns, creation of work-places and joint businesses predominate.

The results of the survey for the indicator *“Work commuters crossing the border”* under PA 4 also show that the number of people crossing the border has significantly increased compared to the year 2014. The survey presents the commuters in two categories: people living in Estonia, who go to work in Latvia and people living in Latvia who go to work in Estonia. The data consists of the locations of the operations - calls and messages – with the accuracy of the communications area of the cellular tower. Every mobile operator customer has been assigned a random and pseudonymous time-constant identifier, which cannot be associated with a specific person or phone number. Passive mobile positioning survey is carried out in accordance with the Regulation EU 2016/679 (GDPR).

According to the survey, there was **1266 frequent commuters from Estonia to Latvia, which is 43% more** than in the baseline survey carried out in 2014 for 2013 data. The number of frequent commuters **from Latvia to Estonia was 2566, which is 82% more** than in 2013. The growth of daily and other frequent commuters doubled, while the number of weekly frequent commuters increased only by 10%. On the basis of the survey it cannot be concluded whether the increase was because of the free labour movement or the effect of the border trade, as sometimes the goods in other side of the border are cheaper. The total number of commuters – 3 832 – is multiplied by 1.2 to take into account the groups of people, who cannot be tracked by such survey, which gives us **4 598.4 labour commuters** in 2018.

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

According to the Regulation (EU) No 1299/2013 Article 23.4, the financial control bodies have to verify the expenditure of the project partners within three months. The programme has set an additional rule that the first set of questions has to be submitted within 30 working days. Because of the continuous shortage of staff, the work-load of Estonian financial controllers has significantly increased and they have not always been able to submit the first questions in 30 days, which in turn has led to the delays in processing partner reports and the 3-month deadline has been exceeded. In order to address the issue, different measures have been applied like using flat rate by beneficiaries for calculating and reporting office and administration costs as well as sample- based check-method by the FCs. Also additional work-force has been temporarily hired. These measures have had a mitigating effect and for the time being the controllers have been able to respect the deadlines.

Despite of the time pressure it should be noted that the controllers still did not make any compromise on account of quality. The average time for processing the progress reports by JS and MA is 19.15 calendar days whereas the Subsidy Contract allows one month for checking the progress reports by the MA. It demonstrates that the FC, both in Latvia and Estonia make a qualitative work and thus processing of progress reports by the JS/MA goes faster.

In order to avoid such delays in the future, the issue has been brought to a higher management level and further simplification and reorganisation of work procedures are foreseen.

6. CITIZEN'S SUMMARY (Article 50(9) of Regulation (EU) No 1303/2013)

A Citizen's Summary on the implementation of the programme will be compiled separately and uploaded as an annex to the Annual Implementation Report.

7. REPORT ON THE IMPLEMENTATION OF FINANCIAL INSTRUMENTS (Article 46 of Regulation (EU) No 1303/2013)

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

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

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

9. ASSESSMENT OF THE IMPLEMENTATION OF THE COOPERATION PROGRAMME (Article 50(4) of Regulation (EU) No 1303/2013 and Article 14(4) of Regulation (EU) No 1299/2013)

9.1 Information in Part A and achieving the objectives of the programme (Article 50(4) of Regulation (EU) No 1303/2013)

Priority axis 1 Active and Attractive business environment

This priority axis includes 2 SOs. **The projects under SO 1.1 “Increased entrepreneurial cross-border cooperation in the programme area”** are promoting entrepreneurial cooperation and carry out different events and activities to bring Estonian and Latvian entrepreneurs together. **In 2018 there were 9 projects with total ERDF allocation of 2 652 469.79 EUR implementing their activities.**

Projects managed to bring together ca 3000 participants at 81 events of various topics and aims. Activities under SO 1.1 are often very practical and hands on, incorporating educative trainings and mentoring for the enterprises that they target. Programme is happy to have supported very wide variety of business fields in the programme area. Projects engage wood and furniture sector, creative industries, non-traditional farming, food-production and handicraft in remote border areas, sales, marketing and growth of the biotechnology and life science enterprises, space technology etc. The projects raised the knowledge of the SME-s in export and import, organised study trips, business forums, internships, hackathons and trade missions. The projects have well reached out to the general public and created different platforms for interaction of businesses and stakeholders - interested individuals and support organisations.

When some projects had a slow start in 2017, the year 2018 was more active and fruitful. Among other ways of support, like daily supervision and feedback during the reporting and modification requests, the JS visited projects’ public events and more closed meetings of partners. As the programme specified the rules of granting the indirect *de minimis* aid, project partners requested much advice and guidance in handling the paperwork correctly. Regardless of that somewhat additional work for partners and participating SMEs, subjects to the aid (not all the needed state aid data is electronically available in national registries yet), the partners have managed to keep up the interest and motivation of the target groups to be involved in what the programme has to offer.

Under **SO 1.2 “More jointly developed products and services in the programme area”**, the programme had **15 running projects in 2018 with the ERDF support of 5 067 920,93 EUR**. The programme contracted six more projects in 2018, in addition to nine projects that had started in 2017. In total 32 SME-s were working on developing of 22 products or services and carrying out 27 joint marketing activities in 2018. In general, we have recognized that the applicants – private companies - under this SO have been motivated and diligent to start and implemented their activities timely and according to the foreseen work plan. All the partners of the 3rd call projects that got the funding, participated in the partner seminars and learned about the eligibility, reporting and publicity rules. In addition, the JS participated at kick-off meetings of the projects to answer the questions specific to the concrete project application.

Six projects that started in 2018 do not repeat the topic of the earlier projects. The projects approved in the 1st call in 2017 are developing products that are more on a traditional side - tangible things and substances, for instance a hand-held spectrometer, digital book or a new product from whey. In 2018 we saw a significant raise of IT related ideas. Except for the jointly developed laundry washing capsule that contains locally grown and extracted organic essential oils in a water-soluble film, all new products supported in 2018 are IT related. Latest in 2020 the projects will launch a wireless wall-mounted control panel for smart sauna and home automation systems, a modular cloud-based IT platform for poultry flock management, an integrated ticket management solution (including both software and hardware) for transport operators,

single integrated web-service for forest assets management and a platform for product data synchronization.

Three projects under this SO ended their activities in 2018 – “Organic Candy”, “HIADEX” and “waldur.eu”.

Project “HIADEX” was the only project under SO 1.2 that focused only at joint marketing. The partners – umbrella organisations for business development – had a very ambitious goal to increase the export capability of Estonian and Latvian producers in South-East Asian market. The more specific target group was SMEs who have products with high added value for prevention and treatment of digestive system diseases (DSDs). Project partners worked on building the marketing intelligence on the Malaysia’s market and implementing early-stage promotion activities. Notable activity of the project was a trade mission to Singapore. Two producers from Estonia, three producers from Latvia and project partners’ representatives promoted the products at the “Vitafoods Asia Expo 2017” and learnt about the local market and its specifics. In addition they had 31 B2B meeting with potential business partners.

During the project, the partners obtained market intelligence data about Singaporean and Malaysian markets on pharmaceutical and nutritional supplement industry. The gained results of research, as well as the knowledge about local business traditions that the partners accessed in exhibitions-conferences gave a valuable input for a market entry strategy and guidelines. These guidelines are also applicable for other industries. This experience increased project partners’ institutional capacity. They improved their quality of services in supporting enterprises in their goals to enter the markets in South-East Asia and updated a joint product portfolio. Project ended in 2018 and will report all the achievements in 2019.

The objective of the project **“Organic Candy”** was to develop a new organic product for healthy lifestyles, based on common knowledge of Estonian and Latvian enterprises and research institutions, and strengthen entrepreneurial cooperation between Estonia and Latvia. One company from Latvia and one company from Estonia joined forces for product development. For the testing of the product, they used also outsourced expertise. As a result, there are organic jelly candies with freeze-dried berries with organic aloe vera in three flavours: lingonberry, sea buckthorn and chokeberry-blueberry. Latvian company provided aloe vera and Estonian partner the freeze-dried berries. All three types of candies will meet the shelf, microbiological and taste tests.

Project partners have also carried out joint marketing activities, which includes participation in 3 food fairs (BioFach – World’s Leading Trade Fair for Organic Food in Nurnberg, Estonian Food Fair and Riga Food), market research and market strategy for the target groups, marketing material development etc. The brand name of the product is WILD CANDY and it is registered at the European Intellectual Property Office.

Partners promoted the project and its activities in Facebook and disseminated the mid-term and final results in the organised events in Latvia and Estonia.

The programme has made some efforts to encourage interaction between the projects under the same SO or priority. As a good result of that capitalisation, the project lead partner gave very informative and motivating presentation about “Organic Candy” in September 2018, at a business forum that project DELBI II had organised for Estonian and Latvian companies operation in food production. At that time, just the 4th call for the proposals had been opened under SO 1.2, and this presentation served as encouragement for the audience, mostly SMEs, to consider applying to the programme. The project will report the final achievements in 2019.

Project “waldur.eu” ended in September 2018. In the project two ICT-companies, OpenNode OÜ (Estonia) and SIA Makonix (Latvia) combined their expertise to develop an online service solution for connecting non-ICT companies with IT-experts and cloud services. The aim was to solve a common problem – how to find good experts for project-specific tasks, without stumbling into layers of sub-contracting, issues of availability, reliability or as simple as geographical location.

Partners built an online self-service solution for connecting IT-experts and cloud resources with companies. This means that experts can be chosen, contracted and managed through the platform and the works will be delivered using the cloud services. Partners designed a joint brand for the service – the platform kratt.co went live for piloting in 16 March 2018. Project presented their results at Latitude 59 and CEBIT. Latitude 59 is the flagship start-up and technology event of e-Estonia, that brings together the Baltic, Nordic and North-eastern Europe’s tech ecosystem and provides a platform for entrepreneurs, investors and leaders to learn, connect and network. CEBIT is a world-leading trade fair for solutions, products and services from all areas of information and communications technology.

The project partners of waldur.eu have established very good partnership that has remained strong beyond the project period – they further refine and operate the service solution together and currently, the two companies are working on designing the 2.0 version of the service, using the results of the pilot phase.

Priority axis 2 Clean and valued living environment

The programme has supported **6 projects with altogether 5 389 766.91 EUR of ERDF under the SO 2.1 “More diversified and sustainable use of natural and cultural heritage”**. The six projects are aiming at creating the cultural and natural heritage based tourism products in different topics. In 2017 the development of with two different hiking trails, culinary route, UNESCO and industrial heritage started. In 2018, the development of the open gardens tourism product followed.

All the projects are progressing very well towards the goals and are attracting already the potential visitors to the future trails and sites. These projects take most the advantage of the social media posting often the attractive visuals and short stories of their activities.

The project **“Industrial Heritage”** is very close to present the results and achievements, as they move towards the closing the project in summer 2019. In 2018, they improved industrial natural and cultural heritage sites, established cross-border networks and produced the image guide and the maps of the routes - the main route and 5 thematic routes that represent altogether 85 industrial heritage objects. In addition to sharing the stories and promoting the route and network in Facebook, they have created a webpage <https://industrialheritage.travel/> for promoting the industrial heritage route with thematic sections.

One of the most visible project is **“Coastal Hiking”**. The aim of the project is to develop a hiking tourism route along the Baltic Sea coastline in Estonia and Latvia. The route will stretch along the Southwest coastline in Latvia, starting from the border with Lithuania and through Latvia to Lääne county region in Estonia, and further to the capital of Estonia – Tallinn. The total length of the route will be ca 1100 km.

By the end of 2018, project partners had carried out and participated in extensive product development activities. They established and maintained close cooperation with stakeholders on local, national and international level and received an official approval of the route from key authorities in Latvia and Estonia. With the participation and wide attention from the general public the partners carried out a grand inspection of the whole route, worked on and prepared 60 one-day route descriptions and route maps, which will be used in marketing materials. There is prepared visual identity of the route (the logo, slogan, design of route marking and signposting, etc.), route marking guidelines, handbook on service provision for hiking tourists were prepared., Also, pilot testing of the route by university students in both countries was organised, and Baltic Coastal Hiking web page www.coastalhiking.eu was launched.

For the marketing and promotion, coastal hiking event calendar for 2018 was prepared, work on the guidebook **“Hiking along the Baltic Sea Coast”** and the tourist brochure and map was carried out. Also very active project promotion and information dissemination via different channels (Facebook, via press releases etc.) have taken place. European Ramblers’ Association approved the Baltic Coastal Hiking trail as a

part of European long distance E9 network. In addition, in 2018 the project was awarded with the label of the European Year of Cultural Heritage 2018. Work on the route implementation in nature started actively, which will continue until the end of 2019.

The programme has supported 4 projects under **SO 2.2. “Increased awareness of energy saving, sorting waste and re-use, and the more efficient management of common water resources”**, that target the environmental awareness and 4 projects that carrying out joint management initiatives for water or coastal areas. **Altogether 2 627 778.80 euros of ERDF is committed to these 8 projects.** 4 projects got the programme support in 2018. Newly supported project **“WasteArt”** will use the capacity of contemporary art and the diversity of artistic practices as tools for increasing public awareness about the vast amounts of waste produced in everyday life, whereas the **“Energy advice”** focuses on energy saving benefits to promote in-depth understanding on the subject. Both projects target in total ca 4000 young people - most open-minded and responsive audience. Projects **“Water Bodies Without Borders”** and **GroundEco** cooperate in different initiatives: the first one will work out a harmonized and cost-effective measures’ action plan for the Gauja/Koiva and Salaca/Salatsi river basins, the second enhances sustainable management of common groundwater resources and associated ecosystems in the transboundary Gauja-Koiva river basin.

The projects **“Smart Energy Community” (“SEC”)** and **“Green Public Events”** were finished by the end of 2018. The first has reached all three set objectives and has reported on the improved awareness of the daily use of energy in Estonian and Latvian households, schools and communities. They set up and deployed demo-units, support and ICT devices and instruments to promote innovative and smart solutions and best practices for energy efficiency.

The topic is clearly very important, as the project faced the challenge to cope with the massive interest of students and educational institutions towards their initiatives within the limits of the project scope and budget. They initially targeted 200, but eventually welcomed 1118 participants. This project was a success in terms of reaching out with the school and community campaigning – to altogether more than 24 000 people. For the broader impact, the partners delivered an energy campaign through multiple channels: public events, homepages, information letters and newspapers of municipalities, social media (FB) and videos in the project’s YouTube channel. Partners distributed the energy saving manual to the public libraries - total 1000 hardcopies, posters were displayed in public places (also dwelling entrances, bus stops) and tourist spots (Ööbikuoru in Rõuge, Alüksne centre). TV broadcasts of the SEC project in Vidzeme reached the audience of more than 5000 viewers.

Project **“Green Public Events”** was about raising awareness on saving resources and reducing waste at public event in Latvia and Estonia. Project aimed their activities at raising awareness on more environmentally friendlier behaviour in general, but focused especially on waste reduction and energy saving issues among active adults and youngsters, who attended public events. Partners organised interactive awareness raising activities that contributed to the greener and environmentally friendlier events at Viljandi Folk Music Festival 2017 and 2018, Young Scientists' Festival in Tartu (EE), Business Conference in Valmiera (LV) and Positivus Music Festival (LV).

The digital tool and installation **“Save our paradise”** were presented in music festivals and business conference. At Young Scientists’ Festival and Viljandi Folk Music festival the energy and waste areas were opened for visitors and several interactive, educative activities were carried out. In total more than 7 700 persons took part in these activities. In addition, partners cooperated with the organizers and service providers before the events – e.g. participated at the meetings for preparation of Young Scientists’ Festival helping to implement several more environmentally friendly choices concerning the organisation of the event.

Partners organized media campaign to support the actions at the events in Latvia and Estonia with the outdoor posters that included tips for the picnic season in Estonia in summer 2017, about avoiding single use dishes in Latvia summer 2017 and in Estonia summer 2018. There were different posts in social media and video competition for young people up to 30 years old. The partners developed the guidelines for the organizers of the public events in both countries, in Estonian these can be reached [here](#) and in Latvian and English [here](#). The ideas and practical experiences were disseminated and exchanged in the final events of the project. The networking with the stakeholders continues in the Facebook group “Rohelised üritused” (“Green events”).

As mentioned above, the programme has supported 4 projects that carrying out joint management initiatives for water or coastal areas. Projects “**Safe Sea**” and “**GURINIMAS**” started in 2018 and have presented good progress so far. The objective of the “**Safe Sea**” project is to improve environmental security in marine and coastal waters in the Gulf of Riga and Irbe Strait. The aim is at strengthening coordination between Latvian and Estonian rescue services and infrastructure managers such as ports, small harbours and local governments. In 2018 partners elaborated Standard Operational Procedure (SOP) in national languages that they distributed to the rescue teams and units. The SOP was tested in joint trainings for 98 participants in Saaremaa, Estonia, in August 2018. This resulted in better coordination between Latvian and Estonian rescue services and preparedness for the emergencies in case of disasters in the sea.

Partners carried out 7 theoretical training sessions for 119 participants about oil spill clean-up to strengthen the coordination with infrastructure managers - ports, small harbours and local governments. Awareness raising camp brought together 115 participants - volunteers, youngsters, local inhabitants. They learned about the importance of coastal areas and sea management, habitat and the work of the rescue teams. In 2019, the project continues with building the access roads to the sea for the rescue and emergency teams. The project partners assess their cooperation in given field and achieved result as remarkable.

Project “**GURINIMAS**” developed an integrated nitrogen management system for the Gulf of Riga in close cooperation between Estonian and Latvian authorities and research institutions. In 2018, the experts developed the joint model for analysis that would provide coherent data in both countries. The aim was to analyse and modify the existing OECD research methodology, as it is necessary to take into account particular features of Baltic Sea area meta-database. In 2018, the partners mostly worked on the gathering and modelling the data, which included the establishment of a database in both Estonia and Latvia, quality control and correction of statistical data, production of missing data, replacing the invalid data with alternatives and evaluation of gathered data.

Priority axis 3 Better network of harbours

Under this priority axis, the pre-defined project, “**Improvement of sailing infrastructure and yacht harbours network building in Estonia and Latvia**” (“**ESTLAT harbours**”) is implemented. **The contracted ERDF amount is 9 333 981.31 EUR.** It supports creation of a network of small harbours on the western coast of Latvia and in the Gulf of Riga and the purpose is to establish similar service standards in all harbours. With the help of the project, small harbours are improving sailing infrastructure and building network to promote East Baltic as sailing destination. The cooperation of altogether **21 harbours** from Estonia and Latvia started in 2017 with further development of technical documentation for infrastructure and a number of partners also proceeded with procurement and investment works. Three partners (Kurzeme Planning Region, Riga Planning Region and Estonian Small Harbour Development Centre) are focusing on coordination and marketing activities.

By the end of 2018, all planned construction works were finalized in Mõntu harbour (Estonia). New floating piers (places for 15 vessels) were installed and a new service building (with washing rooms, sauna, toilets and storage rooms) was built. Other investments for achieving the agreed level of conditions included: updating and modernizing the navigation signs, strengthening of coast line, construction of piers, construction of slip, dredging works, installation of electricity plugs and water faucets at piers, installation of mobile waste water collection tank. Lõunaranna harbour (Estonia) has completed dredging works, installed navigation marks and floating piers (including lightning and water supply). In Kõiguste harbour (Estonia) dredging, installation of floating breakwater pontoons and piers is completed, water and electricity systems are installed.

Large-scale works have been done in Varbla harbour (Estonia) – extensive dredging was required for ensuring the minimum depth for safe navigation and allowing larger vessels to enter the harbour. In addition, the coastline was strengthened, breakwater and piers constructed. Navigation marks were installed in the fairway and harbour aquatic area.

Jūrmala harbour (Latvia) has completed the first stage of dredging works and installed floating piers, as well as navigation signs and video surveillance system. In Ventspils harbour (Latvia) the works have started for installing pontoons, in Pāvilosta harbour (Latvia) for navigation signs modernization. In Pāvilosta marina new service block (storage room, showers, toilets, and laundry room) is ready for use. Dredging works started in Roja harbour.

For other works the partners are proceeding with development of technical specifications and/or procurements for selecting service providers for construction or equipment.

In the beginning of the year, the partners completed a market survey: an overview of the target markets and marketing strategy for 2018-2020. Based on the survey, visual identity for East Baltic Coast as a joint sailing destination was developed. This includes the logo, visualization for boat shows stand, social media and printed materials.

Helloports.com (marinamia.eu) modules for statistics was developed. This enables to extract reports about bookings in harbours. Basic rating system for feedback was developed as well, visiting sailors can now give ratings to harbours and vice versa. Project has been represented in several boat shows: 20.-28.01.2018 Düsseldorf; 9.-18.02.2018 Helsinki; 2.-11.02.2018 Stockholm; 8.-11.03.2018 Warsaw.

Partners re-printed the “Coastal guide” that was initially developed within project “Riverways” (supported from Estonia-Latvia programme 2007-2013). The Coastal guide, which fully covers coastal areas, including harbours, proved to be very effective during the tourism fairs, and it worked well also during the boat shows as promotional material.

Priority axis 4 Integrated labour market

Programme has supported two projects under the only SO of this PA, **SO 4.1 “Improved conditions for accessing jobs across the border”** and in total **753 897.32 EUR of ERDF is contracted**.

The first project **“Valka-Valga mobility”** started in 2017, operates in the unique cross-border territory where only a state border separates the two towns. “One city, two states” is the slogan of both cities - Valka in Latvia and Valga in Estonia, so the cooperation in many areas of life is usual. In this project, two towns have teamed up with State Employment Agency of Latvia and the Estonian Employment Insurance Fund to foster the confidence of job seekers and employers of the cross-border region in their ability to find a suitable job or an employee. The partners have been very successful with involving participants in cross-border mobility initiatives – they managed to attract more than twice as many people as they targeted in the application. Apparently, the interest is big in job fairs, employer’s breakfasts and informal networking event and study trips. These are the platforms where the project brings together the job seekers/unemployed and employers.

In recent years, the shortage of workers in many Estonian companies in the border region has increased and employers are eager to hire people from Latvia. There is equally great interest among Latvians to look for work in Estonia. Both Estonians and Latvians commute across the border every day, but according to the project, there is less interest among Estonians to work in Latvia. This is one of the reasons why the target group's lack of interest in the planned mentoring and language training has been a particular challenge for the project. Another reason may be the fact that not knowing the local language may pose no significant obstacle to working across the border. The project continues its efforts in 2019. The targets of the two output indicators - new and/or improved services for job seekers and/or job providers and participants in cross-border mobility initiatives – are fulfilled.

The second project, **“ESTLAT Work-based learning” (“ESTLAT-WBL”)**, started in August 2018 and their focus was on the vocational education schools and employers. Partnership involves Latvian Chamber of Commerce, several vocational schools and 2 private companies in Estonia and Latvia. The mixed partnership enables to reach the target group most efficiently: partner have access to the wide cooperation network with SMEs, business support organizations, governmental institutions, local municipalities, and vocational education cooperation network. VET schools are direct contact points to vocational students and it is their daily task to deal with this audience.

The activities of the projects are of practical nature: vocational students (young people and adults) will participate in work-based learning or apprenticeship and participating SMEs act as work-place tutors. Partnership expects the overspill effect (to other vocational schools and SMEs in the region) from the project activities in terms of shared experience and acquired best practice. Local municipalities would benefit from increased qualification of the labour force, stronger companies, growing revenues and decreasing unemployment.

Priority axis 5 Technical Assistance

Regarding the main activities implemented under TA, please refer to the chapter 3. As the programme implementation speeded up in 2018, the TA activities also intensified. It can be said that the seminars and other events organised by the programme either for the applicants/beneficiaries or general public have been appreciated throughout the programme life-time as the results of the performance evaluation showed. All in all the TA funds were used purposefully to increase the professionalism of the applicants/beneficiaries as well as the employees managing the programme.

9.2 Specific actions taken to promote equality between men and women and to promote non-discrimination, in particular accessibility for persons with disabilities, and the arrangements implemented to ensure the integration of the gender perspective in the cooperation programme and operations (Article 50(4) of Regulation (EU) No 1303/2013 and Article 14(4), subparagraph 2, (d) of Regulation (EU) No 1299/2013)

In the application form, the applicants were asked to describe their approach to the equality between men and women, non-and non-discrimination. In general, the projects follow these issues in their activities and encourage equal treatment of all society groups. For example, the project “Green Public Events” describes their approach as follows: “No gender, race, religion, sexual orientation or other privileges were granted or limitations were set down in the project events and activities. In choosing the celebrities for augmented reality, gender balance was one principle. All activities, tasks and decisions are performed without focusing onto the gender.

Another example can be provided by the project “Organic Candy”, which assures that project partnership will follow the gender policy of European Union as this is clearly described in Union’s Treaty. Inequalities will be disallowed and gender equalities will be promoted. Ensuring gender equality means giving equal consideration to the life patterns, needs and interests of both women and men. All measures will be taken to ensure that there are no inequalities will appear in the project, either maliciously or unintentionally. Project promotes participation of women in the Management Team and follow that there are equal opportunities for everybody.

The project “COOP local” encourages women from 5 regions to participate in project events and activities, and to establish new businesses in 4 sectors. Whereas in handicraft sector the majority of masters are usually women, they will be encouraged to enter more actively also to non-traditional farming and food production sectors (like vegetable, berry, fruits production etc).

9.3 Sustainable development (Article 50(4) of Regulation (EU) No 1303/2013 and Article 14(4), subparagraph 2, (e) of Regulation (EU) No 1299/2013)

Like above, all projects have marked that they follow the principles of sustainable development in their activities. It is self-evident with the projects devoted to nature protection and environment, where special attention is paid to sustainable development. Nevertheless, the entrepreneurship projects can provide good examples too. . The above-described project “**waldur.eu**” commits to have paperless workflow for the project management as created service promotes paperless workflow also for interactions between ICT experts and non-ICT customers. In addition, advertising materials will be mostly digital and internet marketing will be used instead of traditional marketing as much as possible. One of the focuses another business project “**Wood and Furniture**” is on design and innovation, which includes also questions of environmentally friendly design, economical use of material etc.

9.4 Reporting on support used for climate change objectives (Article 50(4) of Regulation (EU) No 1303/2013)

The Estonia-Latvia programme 2014-2020 does not have a special objective of climate change. However, it is expected that the activities carried out, particularly in the projects implemented under priority 2 “Clean and valued living environment” and priority 3 “Better network of harbours” will positively tackle climate change issues.

9.5 Role of partners in the implementation of the cooperation programme (Article 50(4) of Regulation (EU) No 1303/2013 and Article 14(4), subparagraph 1, (c) of Regulation 1299/2013)

Although the main responsibility with the programme implementation lies with the MA, other programme authorities play a significant part in everyday programme performance. The JS is the main contact point for the project applicants/beneficiaries and their professionalism has much contributed to the good quality of projects being implemented.

The main decision-making body of the programme is MC, which consists of representatives of different public authorities and socio-economic partners. The MC members have been selected according to the areas the programme supports and therefore each member can bring along his / her expertise in assessing and selecting the project applications for financing. The MC is informed about the developments of the programme at MC meetings and when the need arises.

The role of the NRAs cannot be over-estimated. In Estonia, the NRA is located in the Ministry of Finance of the Republic of Estonia and in Latvia, in the Ministry of Environmental Protection and Regional Development of the Republic of Latvia. The NRAs of both countries are most valuable partners in the programme and are involved in the discussion of all significant issues. In case of need, the lawyers of both Member States can be involved. In Estonia, the MA can make use of the services of the lawyers located in the State Shared Service Centre, in the same department with the MA, in Latvia the lawyers of the Ministry of Environmental Protection and Regional Development are cooperated with.

It is observed that in all stages, professionalism and impartiality are ensured. At the MC meetings, each participant has to sign the Declaration of impartiality and confidentiality. If a project related to a particular MC member is discussed, he/she leaves the room.

10. OBLIGATORY INFORMATION AND ASSESSMENT ACCORDING TO ARTICLE 14(4), SUBPARAGRAPH 1 (A) AND (B), OF REGULATION (EU) 1299/2013

10.1 Progress in implementation of the evaluation plan and the follow-up given to the findings of evaluations

The MC approved the Evaluation Plan of the programme on 16 November 2016. It includes performance evaluation, assessment of result indicators with the interval foreseen in the CP and impact evaluation. The evaluation activities have been carried out as described in the plan.

In 2017, within the performance evaluation, the evaluation of the Communication Strategy of the programme was carried out. The MC approved the proposal along with the Terms of Reference document at the meeting in July 2017.

Evaluation focussed upon communication activities implemented under the Estonia-Latvia programme for the period 2014-2020. The main task of the evaluation was to assess, whether the Communication Strategy of the programme had been implemented in an effective way and highlight any areas for improvement.

Evaluation was carried out by SAFEGE Baltija, Ltd & Comperio, Ltd. Following the comments of the NRAs, MA and JS, final report was submitted on 15th January, 2018. The survey approached different groups: lead partners and partners of the projects supported by the programme, contact persons of the submitted project ideas of the 1st call and the applicants whose projects were not selected for financing as a result of the first call, as well as persons who have been in any contact with the JS regarding programme but have not submitted project idea or project proposal. The methodology has been more described in the Annual Implementation Report 2017.

The evaluation results demonstrated that in general, the programme and work of the JS was perceived positively among the potential and actual beneficiaries. All methods of communication (events, social media, website, publications and direct communication) received high average scores regarding their usability, accuracy, relevance and timing.

One respondent said: *“I am fully satisfied with the communication, I put excellent for all choices of communication”*

The website www.estlat.eu was seen as the main source of useful and accurate information. The beneficiaries were satisfied with the access to documents, but some of the first-time site visitors struggled to find necessary information.

Despite various electronic information channels, the people still merit meetings where they can meet face-to-face. Regarding the events, the participants tended to have different expectations from the perspective of more vs. less experienced organisations. It appeared that the experienced organisations sought information more on rules and requirements, but those with less experience were looking for inspiration, partners and overall understanding of the programme.

As for the Facebook, specific project-related posts proved to be more popular among FB followers. The respondents referred to that the page also serves as a source of inspiration for potential applicants and beneficiaries who were interested in the activities implemented within the projects. However, better penetration could be achieved among the followers and wider audience, one way could be tagging organisations involved in the projects.

The short infographic style extracts about the rules of the programme and project stories were considered the most successful publications and promotional materials. The overall rating of the programme documents was assessed as “4”, which confirmed, that these documents were considered as clear and user friendly.

The interviewed persons agreed that direct communication via emails was very useful, non-disturbing and sufficient, particularly because people have busy schedules.

It was referred to that sometimes the events, depending on the location, are rather difficult to access from remoter areas. One solution could be that the JS could go and have meetings in different places instead of inviting all participants to one place.

This recommendation was followed and the partner seminars for newly approved projects were organised in different places. As the number of partners from both countries was not big, the consultants attended the kick-off meetings of the projects to make sure the partners are well prepared for the project implementation. As the JS involves the financial controllers in the partner seminars, it is not feasible to organise many smaller seminars in different locations.

It should be mentioned that JS has regularly organised targeted events on different project-related topics. These include submission of the project application in the EMS, issues related to reporting, publicity and communication, procurement. In addition, the partners of the running projects had a possibility to address different implementation related issues and discuss their proposals with the programme authorities on the Partner Day on 30 May 2018.

More experienced beneficiaries mentioned that “there is a feeling that the JS wants to control everything. Hence the question, for whom are these projects – for the programme or to solve the need for the region”.

As for the strict control referred to by some beneficiaries, it should be pointed out that the programme allows as much flexibility as possible. However, it is for the beneficiaries’ own sake to follow the rules in order not to face financial corrections. Thus strict observance by the JS of the rules and guidance to the beneficiaries.

The performance evaluation report is available on the programme web site under the link <https://estlat.eu/en/about-estlat/interreg-estonia-latvia>. In 2018, also the assessment of result indicators was carried out, which is described in chapter 4.

10.2 The results of the information and publicity measures of the Funds carried out under the communication strategy

In spring 2018, the programme hosted two young volunteers for three months who provided their knowledge and skills to support the JS in promotion activities. Riga Information and Communication Point was their base and they worked under mentorship of the programme consultant. Together with the JS staff, they attended 16 different types of programme and project events. They contributed mostly to the social media campaign “10 moments with ESTLAT”, which consisted of 10 filmed video stories, and is available on the programme website www.estlat.eu, but they had also a big role in making the content and feed of our Facebook page lively and attractive. Their posts reflected mostly the impressions and insight of the visited 13 projects and volunteer’s own experience with being a reporter in INTERREG programme. The 10 filmed videos “Moments with ESTLAT” have been uploaded to Estonia-Latvia programme YouTube account. The video campaign gained much visibility: 6 videos out of 10 reached over 1000 people. The most popular 5 videos are about projects “Small harbours” with 3259 reached people, “Livonian Culinary Route” with the reach of 1599 people, “UNESCO tourism” with the reach of 1392 people, “How the Shammies learned” with 1331 reached people and “Green Public Events” that reached 1021 people.

All in all the experience of hosting the volunteers was very beneficial and interesting experience for the programme: we managed to attract much attention to the programme in the social media and in turn, we had additional work force to reach the projects partners more personally for promoting their activities and results, and benefits of the cross-border cooperation.

As the programme supports the development of joint tourism products that are created based on natural or cultural heritage, we could take full advantage of the European Year of Cultural Heritage (EYCH). Five of our six tourism projects that were in action in 2018 could use the EYCH 2018 label in their communication and promotion activities throughout the year. This helped to increase the visibility of our projects beyond the borders of the programme area: Interreg.eu featured several projects in their blog - <https://interreg.eu/interreg-highlights/cooperation/european-cultural-heritage-in-the-centre-of-attention/>, DG EAC and Interact featured the projects “Coastal Hiking”, “Industrial Heritage”, “UNESCO tourism”, “Green Railway” and “Livonian Culinary Route” in the e-book “Connecting Cultures, Connected Citizens”, project “Industrial Heritage” presented their success story in the workshop Coop Cult and Succeed – EYCH2018 organized during the Week of Cities and Regions in Brussels.

The EYCH formed also the concept for our annual event European Cooperation Day (EC Day) that has a different focus every year. This time we put it on the cultural and natural heritage in our region. On 15 September, two hundred Estonians and Latvians joined the Heritage Road Trip that we organized to highlight the less known values in the programme area. Four buses took people to four different routes with different starting points: Coastal Route from Pärnu (EE), Green Route from Tartu (EE), Industrial Route from Alūksne (LV) and Hansa Route from Rīga (LV).

In the evening all buses ended their trip in Sangaste Castle in Estonia to celebrate the cross-border cooperation, 100 years of the Republic of Estonia and the Republic of Latvia and the European Year of Cultural Heritage. Extra feature to the evening part of the event was the performance of the folk groups from four ethnic regions - Seto, Suiiti, Kihnu and Liivs - that are also part of the project “UNESCO tourism”.

INTERREG Central Baltic programme joined us for EC Day by organizing the Hansa Route and contributing to the promotion and visibility of the event. We were happy to have been awarded the EYCH 2018 label for the EC Day.

In addition to the EC Day, we reached out to the public during the Europe Day in May. The JS staff and volunteers talked about the INTERREG Volunteer Youth initiative and INTERREG programmes to the pupils in Alūksne State Gymnasium and Ape Dāvja Ozoliņa Secondary school, both in Latvia. In Estonian side, the JS attended the public event “Europe Day for Youth” in Tartu, together with the Central Baltic and Estonia-Russia CBC programme. The audience, mostly youngsters, much enjoyed and actively participated in the quizzes about the countries that participate in the programmes.

We addressed the wider public also electronically – we published the News Flash twice in 2018, which included information about the selected projects of the 2nd and 3rd call and completed the profiles of the contracted projects with info and quality pictures on the website. The information about the 4th call was promoted both in Facebook and programme webpage. The 4th call for proposals was open for the cooperation between companies and we took the approach to disseminate the information through competence centres and other organizations that support the business development, and relevant thematic events that involved our target group.

For the applicants we organized 2 practical seminars in November in Riga and Tartu to provide the guidance and advice on writing the good quality application and submitting it in eMS. In order to ensure the good quality of the applications, the MC incorporated in the rules of the 4th call the obligation to consult the JS before the submission of the application. The JS held 18 such consultations, in addition to the more general information exchange and advice to the applicants via different communication means.

The website remained the main information source for the running projects. In addition to the regular updates of the documents and information on the calls, we made some rearrangements to make the content easier to find. We added to the events’ section the events of the projects as well, as suggested by the project partners. We have in average 1 115 visitors per month in the webpage, whereas the visits per month is 2152. The most visited sections starting with the most popular were “For projects”, Guiding documents, but also reporting, logos and disclaimer, “EstLat Results”, Supported projects and “About EstLat”. Our most viewed projects are “Industrial Heritage”, “Space TEM” and “Green Railway”.

The programme Facebook page has been increasingly relevant channel: the number of “likes” increased by 356 persons and reached 1984 persons. The number of followers increased by 376 persons to total 2043.

Posts that reached people over 3000 in 2018 are: 4th call leaflet sheet in Latvian (SME cooperation) – 7186; Vacation News about the Coastal Hiking Route ready – 5866; E-book “Connecting Cultures, Connected Citizens” and tourism projects – 4010; Green Railway maps presented at the tourism fair Balttour 2018 – 3612; Video about Small harbours project – 3259.

11. ADDITIONAL INFORMATION WHICH MAY BE ADDED DEPENDING ON THE CONTENT AND OBJECTIVES OF THE COOPERATION PROGRAMME

(Article 14(4), subparagraph 2(a), (b), (c) and f, of Regulation (EU) No 1299/2013)

11.1 Progress in implementation of the integrated approach to territorial development, including sustainable urban development, and community-led local development under the cooperation programme

This chapter is not applicable to Estonia-Latvia programme.

11.2 Progress in the implementation of actions to reinforce the capacity of authorities

In order to carry out the tasks professionally, the employees of the programme regularly attend different seminars of various programme related issues. There has been a sort of internal distribution between the staff of the JS and MA regarding the topics of the programme so that different people acquire different competencies. The attendance also depends on the implementation phase of the programme and the so-called “hot topics” brought up by the EC or other authorities, here for example, capitalisation can be mentioned. Mostly the programme authorities attended the seminars organised by Interact but also specific network meetings for AAs and CAs. It should be stressed that the Interact-organised meetings are of good quality, they usually involve the EC representatives, which helps to get guidance from the direct source.

In 2018, the representatives of the MA and JS participated in the seminars related to the AIR and Performance review as the year 2019 is the year when the Performance review will be carried out by the EC as well as in the seminars related to programme evaluation. The Head of the JS participated in the conference dedicated to capitalisation, how to make better use of it, which in turn would also increase the visibility of the Interreg programme(s). The programme’s eMS manager took part in the eMS user-group meetings, where the programmes discussed recent developments and other eMS related issues.

The eMS manager also participated in the training of KEEP database, which is an important tool in distributing and finding information on the projects implemented within the Interreg programmes. It is a valid tool for finding projects of certain topic, identifying partners etc.

In 2018, the programme started step-by-step to think of the next programming period. The programme was active in designing the harmonised implementation tools for this period and would be happy to continue it for the next period, therefore one programme consultant participated in the INTERACT kick-off meeting “Lets HIT the road again”. One of the important topics regarding composition of the new programme is establishing indicators, and the representatives of the JS and MA took part in the targeted work-shops to improve understanding how to better define indicators in a most relevant way. The programme’s chief specialist for certification participated in the trainings related to financial issues.

The AA had an annual meeting with the Group of Auditors, takes part of annual network meetings organized by Interact and has established a network of contacts with the other Audit Authorities in the nearby Member States. In addition, the auditors follow the rules of certification of the Institute of Internal Auditors for the continuous professional education and training that is reported annually.

The capacity of beneficiaries is increased by the seminars and info days, which are described in in different chapters above.

11.3 Contribution to macro-regional and sea basin strategies

The territory of the Estonia-Latvia programme is part of the area covered by the European Strategy for the Baltic Sea Region (EUSBSR or Strategy). In the implementation of the programme, the EUSBSR is taken into account as much as possible and 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 also a respective notice has been made on the programme web-page on the link of a particular project. Also, the Policy area coordinators have been informed about these projects.

Currently, three projects have been identified as contributing to the Strategy:

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

The aim of the project is to develop a hiking tourism route along the Baltic Sea coastline in Estonia and Latvia. The route will stretch along the Southwest coastline in Latvia, starting from the border with Lithuania and through Latvia to Lääne county region in Estonia, and further to the capital of Estonia – Tallinn. The total length of the route will be ca 1100 km. The total contracted amount for this project is 1 089 737.80 EUR with the ERDF contribution of 926 277.13 EUR

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

This project tackles the problem of excessive nitrogen loads coming from many land-based sources of Estonia and Latvia that causes eutrophication of the Gulf of Riga (GuR). The aim is to develop an integrated nitrogen management system for GuR in close cooperation between Estonian and Latvian authorities and research institutions. The contracted amount of the project is 427 290.00 EUR with the ERDF share of 363 196.50 EUR.

The third project is **“Improvement of sailing infrastructure and yacht harbours network building in Estonia and Latvia” (“ESTLAT harbours”)**, which supports creation of a network of small harbours on the western coast of Latvia and in the Gulf of Riga and the purpose is to establish similar service standards in all harbours. The total budget of the project is 10 981 154.53 EUR with the ERDF contribution of 9 333 981.31 EUR. **All these projects are more comprehensively described in the chapter 9.1.**

11.4 Progress in the implementation of actions in the field of social innovation

The Estonia-Latvia programme does not directly support the actions in social innovation.

12. FINANCIAL INFORMATION AT PRIORITY AXIS AND PROGRAMME LEVEL

(Articles 21(2) and 22(7) of Regulation (EU) No 1303/2013)

An additional column has been added to table 4, Part A, as specified in Annex 4 to the Commission Implementing Regulation (EU) 2015/207 of 20 January 2015.

13. SMART SUSTAINABLE AND INCLUSIVE GROWTH

The EU strategy Europe 2020 aims at providing more jobs and better lives through its capacity to deliver smart, sustainable and inclusive growth, to find the path to create new jobs and to offer a sense of direction to our societies.

Our programme has not set the concrete targets that match those outlined in the strategy. However, proportionally to the size of the programme area and support for the relevant objectives, the supported projects have indirectly contributed. The partners of the projects under SO 1.1 have brought together SMEs and people interested in entrepreneurship in trainings, study trips, workshops and other supportive activities that contribute to the development of people’s skills. This promotes the idea of improvement of a person throughout the lifecycle with a view to increase labour participation and better match labour supply and demand. The two projects under the SO 4.1 contributing also to the labour mobility. The 15 SO 1.2 projects have targeted the creation of 75 additional jobs (full time equivalent), and in 2018 they achieved 31.8 jobs. The programme aims at more cooperation between the enterprises and more jointly developed

products and services. In this regard, the 24 projects supported under SO 1.1 and 1.2 have contributed to the inclusive growth in terms of fostering a high-employment economy delivering economic, social and territorial cohesion. By harmonizing the services in small harbours and by creating the tourism products and networks, also the projects of SO 2.1 and 3.1 are contributing to the social and territorial cohesion.

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

In general, the milestones as included in the performance framework have been met and there is no reason to doubt that by the end of 2023 also the targets will be achieved. The only significant underachievement as of the end of 2018 is related to the financial expenditure for priority axis 4, “Integrated labour market”. Currently the fulfilment is 70.24%, 223 649 EUR as a milestone vs 157 096.37 EUR as current expenditure. Although the programme has made efforts to get projects under this priority, it has turned to be more difficult than expected. Only 2 projects have been financed under this priority respectively under the 1st and 2nd call for proposals with the total amount of 886 938.08 EUR of which the ERDF funding is 753 897.32 EUR, whereas the total budget of the PA is 1 189 626.00 EUR with the ERDF amount of 1 011 182.00 EUR. More project proposals have been submitted within this priority but unfortunately, they have not qualified for funding.

One reason for the modest figures is the later than expected start of the programme. The first project could only start in August 2017 and the other one a year later and had not yet gained the full speed in the project implementation by the end of 2018. According to Article 6 of the Commission Implementing Regulation (EU) No 215/2014 of 7 March 2014, a serious failure to achieve milestone is considered if the priority has no more than 2 indicators in the performance framework and the achievement is less than 65%. The PA “Integrated labour market” has 3 indicators and has also exceeded the 65% line.

During the rest of the programming period, the programme authorities will make every effort to engage more projects in this priority. One project is in the pipeline under the 4th call for proposals. Also stakeholders could be involved in identifying the recently emerged needs of the labour market in the border areas with the possibility to design a pre-defined project.