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Linking Estonia and Latvia

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Estonia – Latvia Programme 2007-2013

**Cross-Border Co-operation Programme under
the European Territorial Co-operation Objective**

CCI No 2007 CB 163 PO 050

ANNUAL IMPLEMENTATION REPORT 2014

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1. IDENTIFICATION

OPERATIONAL PROGRAMME	Objective concerned	European Territorial Cooperation
	Eligible area concerned	Estonia (Lõuna-Eesti, Lääne-Eesti) and Latvia (Kurzeme, Pierīga, Rīga, Vidzeme)
	Programming period	2007-2013
	Programme number (CCI No)	2007 CB 163 PO 050
	Programme title	Estonia - Latvia Programme 2007-2013
ANNUAL IMPLEMENTATION REPORT	Reporting year	2014
	Date of approval of the annual report by the Monitoring Committee	

The Annual Implementation Report of the Estonia - Latvia Programme 2007-2013 (hereinafter also referred to as the “Programme”) has been prepared in accordance with Article 67 of the Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions of the European Regional Development Fund, the European Social Fund and the Cohesion Fund as well as the model provided in Annex VI of the Commission Regulation (EC) No 846/2009 of 1 September 2009 amending Regulation (EC) No 1828/2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006. The Commission Regulation (EC) 1828/2006 was further amended by Commission Regulation (EC) 832/2010 of 17 September 2010. Annex I of this Regulation replaces point 2.1.2 *Financial information of Annex XVIII* of the Commission Regulation (EC) No 1828/2006.

The Estonia - Latvia Programme 2007-2013 is a cross-border cooperation programme including the NUTS III regions from Estonia (Lõuna-Eesti, Lääne-Eesti) and Latvia (Kurzeme, Pierīga, Rīga, Vidzeme).

The Operational Programme (hereinafter also referred to as the “OP”) for the Estonia - Latvia Programme 2007-2013 was approved by the European Commission on 21 December 2007. The Amendment to the Operational Programme was approved by the EC in 2012.

The Agreement between the Estonian Ministry of the Interior, the Republic of Estonia and the Republic of Latvia on the management and administration of the Estonia - Latvia Programme 2007-2013 came into effect in March 2009. The agreement stipulates the structure, as well as the rights and obligations of the Programme institutions and the main principles of the Programme implementation and management. According to the Agreement the Estonian, Ministry of the Interior hosts the Managing Authority (hereinafter also the MA), the Certifying Authority (hereinafter also the CA) and the Audit Authority (hereinafter also the AA) of the Programme.

In Latvia, initially the partner organisation was the Ministry of Regional Development and Local Governments of Latvia, after restructuring, the Ministry of the Environmental Protection and Regional Development became the responsible institution for the Programme as of 1 January 2011.

As of 1 August 2014, the MA moved from the European territorial cooperation bureau into the new unit, the Cross-border programmes' implementation bureau established within the Regional Development Department of the Estonian Ministry of the Estonia. This move was undertaken to have clearer separation of functions between MA and NRAs of other ETC programmes and in the future, the new bureau should serve also as the MA for the Estonia - Russia Programme.

In order to simplify the Programme implementation and to align the management structures for the 2007-2013 and 2014-2020 period, the MA decided to initiate the procedure for incorporating the functions of the CA into the MA as allowed by the Articles 123 (3) and 152 (3) of the Regulation 1303/2013 of the European Parliament and the Council of 17 December 2013. To go forward with the procedure, firstly the Description of the Management and Control System (hereinafter also as "the DMCS") had to be amended and approved by the MC, and the approval was received on 25 July 2014.

Following this, the AA carried out the assessment of the amended DMCS. The audit opinion was received on 21 August 2014 stating that the management and control system presented complete information concerning the tasks of the Certifying Authority mandated by the European Union legislation and other legislation, as carried out by the Managing Authority. The auditors were able to express sufficient assurance that the functions of the Certifying Authority would be fulfilled adequately by the Managing Authority without adverse effects to the original functions of either one.

Following these developments, a request to approve the change where the MA fulfils the functions of the CA was sent to the EC on 01 September 2013. The approval was received from the EC on 05 November 2014.

Throughout the programme period, the operations of the MA have been supported by the Joint Technical Secretariat (hereinafter also as the JTS) located in Estonia, in Tartu. The JTS is established as a separate legal entity within Enterprise Estonia (hereinafter also as the EAS) and

has acted as the main contact point for the applicants and beneficiaries as well as carried out many other activities relevant for the Programme. During the previous years, the JTS had the Info-point in Riga. However, as there was no practical need for the info-point anymore because all the funds had been committed by the end of 2012 and there were no more calls for proposals to come, the decision was taken by the MC to close down the office space of the Riga info-point as of 1 January 2013. As of 1 January 2014 the Information Point is fully closed down based on the host agreement signed between EAS and the State Regional Development Agency in Riga.

The relations between the Programme authorities and the JTS as well as the JTS' activities and obligations are regulated by the Administration Contract between the Estonian Ministry of the Interior and the EAS.

The Programme is running to its end and therefore also more in-depth look what the Programme has accomplished should be given. In this respect, the Annual Implementation Report (hereinafter also "the AIR") 2013 presented extensive and thorough information on the achievements of the Programme described the results of individual projects and provided an analysis on the fulfilment of indicators. It demonstrated that the projects financed have all contributed to the objectives set in the Operational Programme. **The AIR 2013 is available on the address <http://www.estlat.eu/programme/3784/>.**

This AIR includes the following annexes:

- 1) Information about the breakdown of use of the funds
- 2) List of the projects approved in 2014
- 3) List of supported projects during the Programme period
- 4) List of the projects contributing to the EU Strategy for the Baltic Sea Region

2. OVERVIEW OF THE IMPLEMENTATION OF THE OPERATIONAL PROGRAMME

2.1. Achievement and analysis of the progress

2.1.1. Information on the physical progress of the operational programme

The Estonia - Latvia Programme 2007-2013 has four priority axes: 1) "Increased cohesion of the Programme area" with two directions of support, 2) "Higher competitiveness of the Programme area with three directions of support, 3) "Active, sustainable and integrated communities" with two directions of support. Priority 4 is Technical Assistance (hereinafter also the TA). The total ERDF allocation to the priorities 1 – 3 is 35 934 836 EUR.

The Programme funds had been committed already by the end of 2012. However, at the MC meeting in December 2011 it was decided to make up a reserve list of priority 3 projects. Four projects were included in the list and ultimately it had been possible to finance all of them as the final costs of several projects were less than initially budgeted. On 6 February 2014, the MC approved via written procedure two last reserve list projects: "Development of Cross-border cooperation of young people for promotion of sustainable youth communities in the Latvia-Estonia borderland" (Youth for synergy") and "Reviving joint history of Estonia and Latvia" (Reviving joint history"). The total ERDF allocation for these projects is 213 910,15 EUR. Also the MA approved reallocation of 7 279 EUR of ERDF contribution to the project "Development of Estonian-Latvian and Latvian-Estonian Dictionary" for hiring an extra editor. The total increase of the budget was 10 000 EUR.

The Programme has financed altogether 67 projects. In 2014, 26 amendments to subsidy contracts were formalised and for 19 projects a final payment was made. In total, by 31.12.2014 58 projects had been completed with a final payment made. It should be added that in March 2015, 7 projects are still running and according to the decision of the Programme all projects have to be finished by 30 June 2015.

In 2014, one Monitoring Committee meeting was held on 28 May. At this meeting, besides discussing the regular implementation issues, the MC approved the proposal of the JTS for the projects to allow 10% flexibility for reallocation of the budget lines at the total project budget level without formalising the Amendment to the Subsidy Contract. The partners' indicative budgets may not be exceeded. This decision was based on the JTS' prior analysis, which said that most requests regarding budget changes were about allowing overspending of the budget line either up to 10% or over 20%. All other changes are still subject to Request for Changes procedure, which will result in the Amendment to the Subsidy Contract.

It was not considered necessary to have another MC meeting in the autumn as had been the practice throughout the years. Instead, a written procedure was held, by which the Annual Work Plan and Technical Assistance budget for 2015 were approved by the MC on 1 December 2014.

Besides that mentioned above, on 10 July 2014 the MC took a decision to increase the threshold for taking competitive price offers by Estonian project partners from 1000 EUR to 2000 EUR (not including VAT).

The decision stems from the Estonian Public Procurement Act, which does not stipulate concrete procedures below 10,000 EUR and was based on the JTS proposal, who looked into the current practice of the Estonian public sector organizations regarding threshold for requiring competitive price offers. Most often it is 2000 EUR. The Programme's threshold applied so far for Estonian partners was 1000 EUR. Similar threshold for Latvian partners is regulated by Latvian national legal acts and is 4000 EUR.

In 2014 also closure issues received more attention. The Programme authorities familiarized themselves thoroughly with Closure Guidelines prepared by the European Commission, also relevant trainings were attended. The time-table for closure activities was prepared and a closure group was formed. The aim is to submit the first versions of closure documents to the European Commission by 30 June 2016 to be able to send the revised versions by the set deadline, 31 March 2017.

During the year 2014, the AA together with the Group of Auditors conducted the required number of audits of operations in order to obtain assurance about the performance of the Programme. The sampling was performed by the AA and gave a result of five projects, which as per the Audit Strategy meant that ten audits of project partners should be performed. Actually the number of audits performed was nine, as it was discovered that the Latvian partner of one selected project had no certified expenditure in the audit scope and the project had no other partners to select in its stead. As it was, five audits of operations were conducted by the AA and four by the Group of Auditors.

The results of the audits showed that the error rate in the certified expenditure was low and no errors with a systemic effect were discovered. The projected error rate, after applying corrections to the calculation method as recommended by the Commission, was 0.50%. Considering this and the results for the assessment of the amended DMCS (see p. 1), the AA was able to report a below-materiality error rate, an overall evaluation of "Works well, only minor improvements are needed" with regards to the system and an unqualified Annual Opinion for the year 2014 was issued.

2.1.2 Financial information as of 1 January 2007 – 31 December 2014 in EUR*

Table 1

	Total funding of the operational programme (Union and national)**	Basis for calculating Union contribution (Total cost)	Total amount of certified expenditure paid by beneficiaries	Corresponding public contribution	Implementation rate in %
	a	b	c	d	e=c/a
Priority Axis 1 Increased cohesion of the Programme Area	26 035 355,00	Total costs	20 344 322,72	20 042 437,80	78,14%
Priority Axis 2 Higher competitiveness of the Programme area	12 579 750,00	Total costs	10 553 899,18	10 192 216,21	83,90%
Priority Axis 3 Active, sustainable and integrated communities	4 227 628,00	Public costs	4 049 975,74	4 049 975,74	95,80%
Priority Axis 4 Technical Assistance	4 681 047,00	Public costs	2 927 271,20	2 927 271,20	62,53%
Grand Total	47 523 780,00		37 875 468,84	37 211 900,95	79,70%

* Certified and sent to the European Commission as of 31 December 2014.

** Based on Commission Decision as of 24 October 2012

The CA and as of 5 November 2014 the MA fulfilling the CA function carried out its activities according to the work-plan for 2014. As the function of the CA was incorporated into the MA close to the end of the year, this section still refers to the CA activities.

The CA sent to the European Commission the annual statement for the year 2013 on withdrawal and recovered amounts, pending recoveries and irrecoverable amounts on 21.03.2014. In this annual statement it was stated that 31 915,13 EUR ineligible costs were deducted from the Estonia - Latvia Programme priority 1 and 1 675,74 euros from priority 2. The Programme had 16 061,50 EUR pending recoveries as of 31.12.2013 in the framework of priority 1.

The CA submitted 2014-2015 ERDF payment forecast to the European Commission on 15.04.2014. The indicative ERDF forecast for the year 2014 was 10 447 309 EUR and for the year 2015 it was 5 311 473 EUR.

In 2014 the CA certified and submitted three payment claims (No 16, No 17 and No 18) to the EC and the CA received total 6 546 132,39 EUR ERDF interim payments based on these payment

claims. The CA fulfilled 63% of the payment forecast for the whole year of 2014 and 90% of the payment forecast for the period 1 January-30 September 2014. With the payment claim no 18 sent to the EC on 30 September 2014 the CA had cumulatively certified 35 739 515.88 EUR total eligible costs to the EC.

To be able to make timely payments to the beneficiaries, the CA applied for and received bridge financing of 6,3 million EUR from the Ministry of Finance of the Republic of Estonia in 2014. The repayment deadline is 01.12.2015. The CA certified 6 951 246,63 EUR total eligible costs at project level and paid out via State Treasury 5 288 305,11 EUR ERDF support during the period January 1, 2014 - December 31, 2014. The CA made 438 442.27 EUR ERDF pre-payments to projects; all together 6 Lead Partners requested pre-payments in 2014. The CA had sufficient resources for making all required ERDF payments to the project beneficiaries in 2014.

2.1.3 Information about the breakdown of the use of the Funds

The Information on the breakdown of the use of funds has been transmitted to the European Commission via the electronic SFC system. The information was compiled on the basis of Part C of Annex 2 of the Commission Regulation (EC) No 1828/2006 of 8 December 2006.

2.1.4 Assistance by target groups

As mentioned earlier, only two projects under Priority 3 were approved in 2014. By legal status their partnership involved four local public authorities and three NGOs. Three of these partners came from Estonia and four from Latvia.

The division of **ERDF commitments** between target groups as well as shaping of the commitment percentages over the years the can be seen in the table on the following page. The target groups can be further specified as follows: environmental bodies comprise of all environmental organisations including state financed institutions. The section “State institutions” includes road authorities, ministries, rescue boards. “Other public bodies” include for example schools, hospitals, harbour operators and regional tourism development agencies. The supported NGOs include sports clubs, field specific umbrella organisations of businesses, cultural organisations and societies, and various other active community groups.

The Programme is happy to have great variety of partners and each partner’s contribution is valuable to success of the Programme. Although the leading place by funding is held by state institutions, it does not undermine the role of smaller partners – usually NGOs, foundations and local municipalities who were the implementers of the majority of the priority 3 projects and played significant role in bringing communities together.

There are some nice examples where the partners of different legal status and size successfully cooperate, each contributing with its own area of expertise. One of these projects is „**Coastal and maritime spatial planning in Pärnu Bay area in Estonia and coastal municipalities of Latvia**” is implemented by bigger state, and medium regional institutions and smaller local municipalities. . The Lead partner in this project is Estonian Ministry of the Interior and the

partners are Engure Municipality Council, Riga Planning Region, Pärnu County Government, Pavilosta Municipality Self-Government, Roja Municipality Council. The partners involved many stakeholders and interested community members in the public planning process that would result in the principles of the development and terms of use of the sea area.

The aim of the project is to plan the future use of sea space, to have better accessibility to Latvian coastal areas, sustainable usage of terrestrial and marine resources and mitigation of climate changes. The developed maritime spatial plan for the Pärnu Bay area is one of the two maritime plans compiled in Estonia. In the framework of another project not financed by this programme, Hiiu County maritime spatial plan was developed.

In Latvia the appropriate scale for spatial planning of marine and terrestrial parts of the coastal areas will be defined by the developed methodology for linking functionally dependent marine and terrestrial areas. In Kurzeme (Latvia), where the erosion threatens the seashores, there are developed guidelines for minimization of coastal erosion and its effects, to provide methodological support for planning and management of coastal areas. There are some pilot investments in coastal local municipalities support tackling the above issue, as well as the management plans for the Natura 2000 areas to ensure coordination of nature conservation and overall coastal development interests in two Natura 2000 areas, subjected to the increased anthropogenic pressure.

Table 2 Division of partners by target groups

	TOTAL		2014		2013		2012		2011		2010		2009		2008	
Local public authorities	8 269 512	23%	84 680	40 %	33 478	26 %	1 483 118	18 %	443 007	7%	41 883	1%	2 273 214	19 %	3 910 132	71%
Regional public authorities	1 785 641	5%	0	0%	0	0%	879 388	11 %	113 844	2%	0	0%	792 409	7%	0	0%
Environmental bodies	2 804 163	8%	0	0%	0	0%	0	0%	831 682	13%	274 065	7%	1 698 416	14 %	0	0%
Universities and research institutions	4 815 604	13%	0	0%	0	0%	349 995	4%	907 941	15%	2 179 756	53 %	346 869	3%	1 031 043	19%
State institutions	13 312 511	36%	0	0%	0	0%	5 484 063	65 %	2 861 862	46%	0	0%	4 966 586	41 %	0	0%
Other public bodies	2 379 001	7%	0	0%	0	0%	183 426	2%	210 992	3%	856 177	21 %	1 128 406	9%	0	0%
NGOs	2 510 002	7%	129 230	60 %	96 653	74 %	0	0%	672 911	11%	750 244	18 %	491 549	4%	369 415	7%
Private partners	666 302	2%	0	0%	0	0%	0	0%	184 390	3%	0	0%	301 885	3%	180 027	3%
Total	36 542 736	100%	213 910	100 %	130 131	100 %	8 379 990	10 0%	6 226 629	100 %	4 102 125	100 %	11 999 334	100 %	5 490 617	100%

2.1.5 Assistance repaid or re-used

In 2014, the CA made 9 reclamation decisions based on the audit reports. The total ineligible amount declared on the basis of these decisions was 4 615,85 EUR including ineligible 3 917,25 EUR ERDF support and 698,60 EUR co-financing. During the year 2014, based on the reclamation decisions Lead Partners of the projects paid back 3 917,25 EUR of 2014 and 46,16 EUR of 2013 ineligible ERDF support. The total interest and fine for delay paid by the projects by the end of 2014 was 325,65 EUR. The CA transferred all collected interest to the State Treasury of the Ministry of Finance of the Republic of Estonia. The collected interest cannot be used for the Estonia-Latvia Programme and therefore it is not deducted from the eligible sums in the statement of expenditures.

The CA deducted 39 330,19 EUR of recovered costs from the statements of expenditure that were submitted to the European Commission in 2014. 34 714.34 EUR of this amount was pending from previous periods. **There were no pending or irrecoverable costs as of 31.12.2014.**

2.1.6 Qualitative Analysis

In 2014, the Programme through its projects continued to contribute to the fulfilment of its overall objective, which, as stated in the Operational Programme, is the following: to promote sustainable development and economic competitiveness of the Programme area through achieving an integrated and cross-border approach to economic, social and environmental development in ways, which involve and benefit local people and communities. Now tangible results can be evidenced in all spheres the Programme has intervened. As mentioned in chapter 1, the Annual Implementation Report 2013 and especially its Annex 1 presented a comprehensive insight into the achievements of the Programme. However, it could be repeated here that with the joint implementation of the projects also the Estonian and Latvian partners' willingness and skills to cooperate has notably increased. Now closer and wider contacts have been established forming a good basis for future cooperation either within the new programme or outside it.

In the assessment and in the implementation it has always been followed by different counter-parts that the results of the projects would last beyond the project life-time. Only in this case there is a real value for the spent financial and human resources. Below some examples are given of the projects finalised in 2014 as good examples in this aspect.

Project „**Towards joint management of the transboundary Gauja/Koiva river basin district**“ (Gauja/Koiva) aimed at enhancing management of shared surface and groundwater resources by development of a joint river basin management plan for the Gauja/Koiva river basin district. Partnership consisted of seven partners: three from Estonia, four from Latvia. State authorities: Ministry of Environmental Protection and Regional Development of the Republic of Latvia. Scientific institutions: Latvian Institute of Aquatic Ecology, Institute of Biology, University of Latvia; Tallinn University of Technology and Estonian University of Life

Sciences. Non-governmental organisations: Baltic Environmental Forum-Latvia; Baltic Environmental Forum-Estonia.

The river basin district Gauja/Koiva is transboundary, shared between two countries – Estonia and Latvia. In the basin, rivers and streams, as well as groundwater flow across the Estonian – Latvian border more than once; therefore waters that originate in one country are used in another. In the project, closer cooperation of Estonian and Latvian scientists was established in particular in development of the common classification system for biological elements of river and lake water bodies.

Due to performed intensive investigations in lakes, rivers, and coastal waters, the project partners obtained needed knowledge on the status of the transboundary water bodies shared between countries, for which sufficient information had been lacking so far. This information was essential for developing joint and cost-effective programme of measures to improve water management. Thus, in long-term the inhabitants and business of the Gauja/Koiva basin will have more economical water management system.

The project provided very valuable results for state authorities to elaborate river basin management plan for Gauja/Koiva. The project delivered proposals on coordinated and harmonised methodologies and tools for river basin management planning.

The project activities and outputs related to the information to and involvement of the public supported the increase of the environmental awareness rising in the region. Local inhabitants of both sides of border expressed their opinion and good will to be engaged in water management during cross border public events. During the project and afterwards the developed printed materials, website and mobile stands received positive feedback. The materials were provided also to the libraries and schools.

Another project implemented in the environmental area was “**Gulf of Riga as a resource for wind energy**” (**GORWIND**). The project involved seven partners with the Marine System Institute at Tallinn University of Technology being a lead partner. The objective of this project was to provide decision makers and potential developers of wind parks in the Gulf of Riga:

- with reliable marine wind information from high resolution remote sensing data, coastal wind measurements and ensemble of Regional Climate models
- with the information on habitat area for seals and wintering, migrating and breeding birds
- with the social reactions and economic benefits for the entire Gulf of Riga area.

In the framework of the project, the decision making tool was developed for planning and development of wind parks in the Gulf of Riga. The decision making tool is based on the spatial planning methods on GIS environment.

The experience obtained with this project has enabled to elaborate more project applications by the same partners and the project results have provided an input to eight other projects implemented by the GORWIND partners in the framework of different programmes which is a solid evidence of the lasting impact of the project.

University of Tartu, University of Latvia and Marine Systems Institute **gained unique experience in integrated application of weather prediction model results, coastal wind measurements, satellite remote sensing and regional climate model results for mapping of wind fields and wind energy over large marine area and coastal zone.** Innovative monitoring technologies were applied for data collection in the project. In particular, aerial counting of marine birds by Estonian University of Life Science and Latvian Fund for Nature, monitoring of ringed seals habitat using telemetry devices by Estonian Fund for Nature and Latvian Institute of Aquatic Ecology, using remote sensing imagery for marine winds by Marine Systems Institute. The partners became experts in the implementation of these technologies over large scale marine environment. Due to knowledge and experience obtained within the project the partners can act as consultants in marine spatial planning and development of marine wind parks. Project partners have collected large dataset that can be used for applied research in future. There are several publications in preparation by different groups of project partners.

The purpose of project **Developing Estonian Latvian Medical Area (DELMA)** was to enhance cross-border cooperation between hospitals in the programme region, to improve the quality of care for patients and the competitiveness of the Estonian-Latvian healthcare sector. This was achieved by focusing on specific areas of medical care including the use of telemedicine for distance-diagnosis and treatment of patients, as well as inter-agency staff training to share knowledge and expertise. A secondary focus of the project was to collaborate on the development of new bio-medical treatments for traumatology patients.

The partnership included two larger partners (the Faculty of Medicine at Tartu University that is closely connected and integrated with Tartu University Hospital and Paul Stradins Clinical University Hospital from Latvia) and four local hospitals from the programme area (Põlva Hospital, South Estonian Hospital, Valga Hospital and Vidzeme Hospital).

During the project, partners purchased, installed and configured teleconferencing equipment to enable cross-border and distance training of medical providers as well as telemedicine uses such as patient education and consultation. As a result of this activity, over the course of the project, 39 Multimedia Distance Training/Teaching sessions were held for 1491 doctors, nurses and other staff in different formats, such as case conferences, witnessed surgical procedures, symposia, conferences, workshops.

In addition to training and telemedicine protocols, a number of research related protocols for the development of new treatments into skin and bone regeneration were developed, tested and finalized.

After the project, the active use of the teleconferencing equipment is continued by the project partners. Every week medial teleconferences are held with ca 35 doctors from Tartu and 25 doctors outside Tartu. In addition to that more complicated cases are discussed via tele-pathology conferences where the number of participants amounts to ca 100. The equipment is also used in communication with the Sick Fund and for ad-hoc teleconferences if necessary. The contacts with the Latvian colleagues have continued in more specialised fields.

The plan is to further develop the teleconferencing system and to involve all county hospitals. Another plan includes the telemedicine connection with Finland. Based on this information it can be said that this project is highly sustainable and benefits the hospitals and the patients.

Another good example of the continuation of the project results is the project “**Hobby slot car racing**” implemented by Sindi Town Government (EE) and Limbaži Regional Council (LV). In the framework of the project, two excellent slot car tracks of 35 metres were built, one in Sindi and one in Limbaži. This is important for obtaining high-level slot car driving skills. Existence of these modern tracks enabled to have high-level international competitions, in Sindi North European Championship was carried out in 2013 and in Limbaži even more, World Championship took place in 2014, info: <http://www.estlat.eu/news/project-news/world-championship-in-slot-cars/> Constructions of the hobby slot car tracks and establishing closer contacts between young people of the two small locations was also the objective of the project.

The contacts and joint camps that started during the project have continued. Over the year 2013 ca 200 people used the track during the events and trainings in Sindi and ca 400 in Limbaži. Ca 10 people train regularly in Sindi and Limbaži as after school hobby. Such project is very important in attracting young people and as the conditions are excellent, many of them have started practicing slot car racing.

This project has also received much media attention, be it videos, photos or articles.

2.2 Information about compliance with Community Law

The Programme has been set up and is implemented according to the relevant Community legislation: Regulation (EC) no 1080/2006 of 5 July 2006 on the European Parliament and of the Council on the European Regional Development Fund; Council Regulation (EC) no 1083/2006 of 11 July 2006; Commission regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006; Commission Regulation (EC) No 846/2009 of 1 September 2009 amending Regulation (EC) No 1083/2006; Commission Regulation (EU) No 832/2010 of 17 September amending Regulation (EC) No 1828/2006 as well as Regulation (EU) No 1297/2013 of the European Parliament and of the Council of 11 December 2013 amending Council Regulation No 1083/2006.

The applicable legislative acts are available on the Programme web-site and appropriate provisions have been included into the Programme Manual. In addition, the subsidy contract signed between the Managing Authority and the lead partner lists all relevant Community legislation as well as refers to the Estonian and Latvian national legislation to be followed in the implementation of the projects.

The changes in the Community and national legislations are followed on a regular basis and if necessary, the approved legislative changes have been and will be incorporated in the Programme documents. So far there have been no problems with the implementation of the operational programme regarding Community Law.

2.3 Significant problems encountered and measures taken to overcome them

In 2014, the Programme implementation continued smoothly and there were not any significant problems. Also, at this point it is not foreseen emergence of any problems that can harm running of the Programme till its successful end.

2.4 Changes in the context of operational programme implementation

In order to monitor changes in the context of the operational programme implementation, several context indicators have been listed in the Programme document. Mostly the trends of context indicators reflect macro-level developments in Estonia and Latvia, however, it is tried to show some more relevant shifts in the Programme area.

Compared to 2013 there have been some changes regarding transport connections in the Programme area: the free of charge bus line between Riga Airport and Tartu Bus station, which opened in 2014, was again closed at the end of 2014 and there is no information whether this particular line will be opened in the future. Currently seven bus lines connect bigger centres in the Programme area. Four lines connect Riga-Pärnu-Tallinn and three are running between Riga and Tartu including two going also to Riga Airport. There is a train connection between Tallinn-Tartu-Valga-Riga, but to get from Tallinn to Riga, a train change is necessary in Valga.

As in 2013, also in 2014 there were no regular direct air or water connections between locations in the Programme territory, if not counting Riga – Tallinn flights (Tallinn is outside the Programme territory).

Some good news can be presented regarding change of population: in Estonia in the Programme area it increased by 1,76% compared to 2013. However, in Latvia it still decreased by 0,81%.

The unemployment rate, which has been problematic over the years, also shows a decreasing tendency although being very modest in Latvia: from 7.95% to 7.93%; in Estonia it decreased from 8.27% to 7.4%. Compared to 2013, the GDP per capita in the Programme area in Latvia rose by 2.83%. In Estonia, the relevant statistical data are not available yet.

Throughout the years, the AIRs have also presented how the households are equipped with Internet in the Programme area. This has increased year by year and compared to the year 2013, it has risen from 71.60% to 72.70% in Latvia and from 74.60% to 80.94% in Estonia.

2.5 Substantial modification pursuant to Article 57 of Regulation (EC) No 1083/2006

There have been no cases of investments in infrastructure or productive investments, undergoing substantial modifications, caused by a change in the nature of ownership or cessation of productive activities, affecting the nature or the implementation conditions of the operation or which gave to a firm or a public body an undue advantage in 2013 – as stipulated in paragraph 1 under Article 57 of the Council Regulation (EC) No 1083/2006 of 11 July 2006, amended by Regulation (EU) No 539/2010 of the European Parliament and of the Council of 16 June 2010.

2.6 Complementarity with other instruments

In order to avoid overlapping with other programmes and to ensure the best use of the EU and national funds, a thorough checking process has been applied by the Programme throughout its entire period, which has been described in the previous annual reports. The common checking process of the Programme has included the following: during the assessment procedure, in order to avoid double financing, the JTS checked the projects stored in Enterprise Estonia database, in order to ensure that the operations have not been financed by ERDF or ESF mainstream programmes. The said database has also a link with the project applications submitted under the Estonia - Latvia Programme. The project applications in the field of agriculture were cross-checked with the Estonian Agricultural Registers and Information.

On the Latvian side, Latvian National Responsible Authority carried out cross-checking with the relevant ministries to find out, whether similar activities had received funding from other financing sources.

Cross-checking with other ETC programmes has been mostly carried out by the members of the MC, who represent Estonia or Latvia in the selection committees of the ETC programmes, where Estonia or Latvia are involved, and have therefore a good overview of cross-border cooperation ideas, which are submitted to more than one ETC programme. When the Programme had its info-point in Riga, in the State Regional Development Agency

of Latvia, meetings and information exchange was held on the subject with the secretariats of other ETC programmes having an office in Riga.

Also the lead partners confirmed by signing the application form, that the project, either in whole or in part, had not received or would not receive any complementary EU funding during the entire duration of the project. In addition the applicants were asked to describe any links to on-going and/or finalised related programmes, projects and activities, and explain the added value to be created through a particular project.

2.7 Monitoring and evaluation

The general basis for all the actions related to the proceedings of the project applications and reports are the Programme Manual and rules of procedure of the Monitoring Committee.

Throughout the Programme, the technical tool for the proceedings regarding project application and monitoring of the projects has been Navision, which is an internal electronic database of the Enterprise Estonia for project related information, adjusted also for the needs of Estonia - Latvia Programme. All documents related to different project processing steps are uploaded in Navision, which enables to follow the progress of a particular project.

On a project level, the JTS has carried out regular site visits to each project. On average every project was visited ca 2 times by the JTS during its implementation. The Programme consultants also participate in project meetings (especially kick-off meetings), events or openings of investment objects. These visits significantly help the JTS staff to get a real overview of the project activities and partners, and establish stronger working relationship with the project staff. During the site visit, the "Site visit form" is completed, where the results of the visit are described. In 2014 the JTS carried out 28 site visits to projects.

The site visits are also carried out by Estonian and Latvian first-level control bodies. They check the accuracy of the accounting system and the correct filing of documentation including public procurement documents, verify themselves on the existence of the goods and services procured or delivered during the Programme. In 2014, total 36 site visits were carried out by Estonian and Latvian first-level controllers.

To receive the payment, firstly, all project partners have to submit a partner report to the first-level controllers, who check these reports and ultimately issue a confirmation on the acceptance of the report to the lead partner of the project. Relevant information is also sent to the project partner. On the basis of the approved partner reports the lead partner compiles a progress report, which is sent to the JTS for approval and for further submission for a payment.

The JTS submits the approved progress report to CA (as of 5/11/2014 to the MA) for payment. The report is accompanied by a letter signed by the Head of the JTS confirming that the project has been so far duly implemented, is in accordance with all set requirements and the applied amount comprises of eligible expenditure only.

On the Programme level, the Managing Authority follows, through information received from the JTS, FLC or from Navision, the implementation of the projects. Until the MA and CA stood separately, the MA submitted a confirmation letter to the CA on due implementation of the Programme bi-annually. The letter was accompanied by a site visit table, which summarises the information of the visits carried out by JTS and FLC as well as by the table on the implemented audits. As of 5 November 2014 when the functions of the CA were incorporated into the MA, such letter would not be submitted anymore, however, the JTS, FLCs and AA still fulfil the table on site visits and audits from where information could be obtained on the implementation of the projects. In case some shortcomings are identified, a deadline is provided for their elimination in the site visit, and in the audit table.

2.8 EU Strategy for the Baltic Sea Region

The territory of the Estonia - Latvia Programme 2007-2013 is part of the area covered by the European Union Strategy for the Baltic Sea Region (hereafter “the EUSBSR” or “the Strategy”). The need to solve common problems jointly to have a wider and more sustainable impact was the main impetus for elaborating the EUSBSR. The Strategy was approved by the European Commission in June 2009 following an update in 2012.

The updated Strategy addresses the key challenges of sustainable environment, prosperity, accessibility, safety and security. It has to reflect the Europe 2020 objectives of smart, sustainable and inclusive growth¹.

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

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

Despite of its rather local focus, the EUSBSR has been taken on board as much as possible in the implementation of the Programme. The projects, which results have a wider impact and can be used in the whole Programme territory or beyond it, or which could create new development potentials in the area the project is implemented, have been identified as contributing to the EUSBSR. The projects’ objectives and activities should also directly comply with the priority areas of the Action Plan concerning the European Union Strategy for

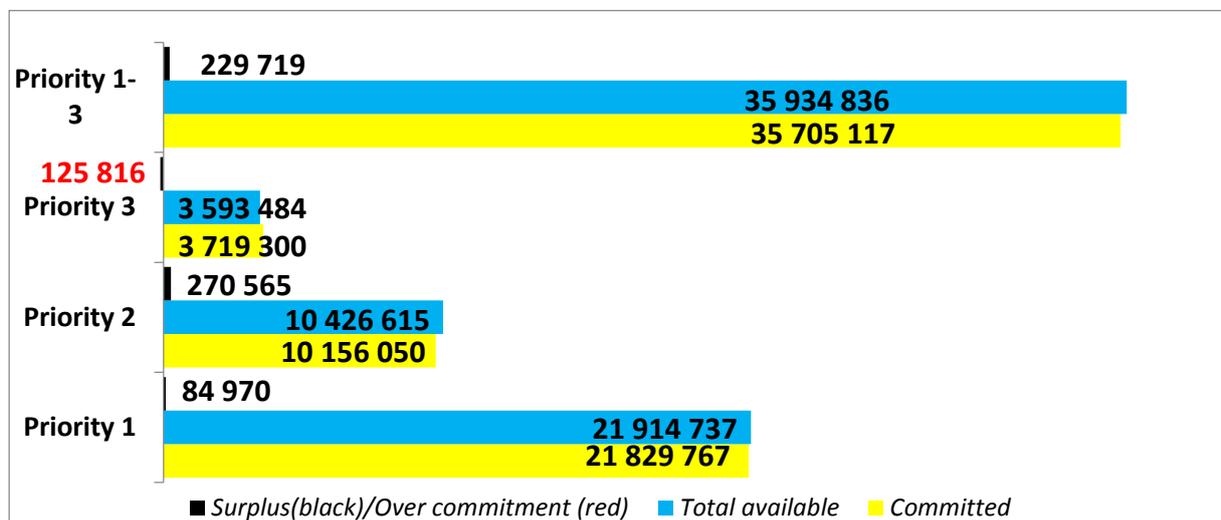
¹ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions concerning the European Union Strategy for the Baltic Sea Region, Brussels, 23.3.2012 Com(2012) 128 final

the Baltic Sea Region meant for the implementation of the Strategy. The elaboration and update of the *Action Plan* is regularly followed. The labelling is done in cooperation between National Responsible Authorities, Joint Technical Secretariat and Managing Authority. JTS and MA.

Altogether 11 projects have been labelled to have a link to the EUSBSR, and these links have been noted on the Programme website (at each project description). The table including the projects contributing to the EUSBSR has been added as Annex 4 to the report. There have been no changes compared to the Annual Implementation Report 2013.

3 IMPLEMENTATION BY PRIORITY

Chart 1: Financial overview at the end of 2014



The table above is based on the actual expenditure of already finished projects and contract sums of projects that are to be finished in 2015. It means that the “committed” figures in the table are close to real expenditure and thus it can be concluded that the programme has achieved a very high commitment rate. There is a slight over commitment under priority 3. However, the overcommitted sums can be covered from savings of the projects under priorities 1 and 2 that were in the overcommitted status in the end of 2013. The savings, which will not be used by the projects under priority 1-3 and currently sum up to nearly 230 000 EUR, will supposedly be re-allocated in 2015 to the project “Joint Actions in Tough Environment” (JATE) under priority 1, that currently has the ERDF co-financing rate at 39.4%. Such reallocation is allowed by the Regulation (EU) 1297/2013 of the European Parliament and the Council of 11 December 2013. This way the programme aims at close to 100% commitment and expenditure rate.

In the Annual Implementation Report 2013, the approach on reporting indicators was reviewed under all priorities to reflect more appropriate status with their fulfilment. Only finished projects are considered. This revision was in accordance with the letter no (2014)131421 of 21/01/2014 sent by the EC. The AIR 2014 applies the same approach.

In addition, regarding data gathering, the indicator tables of up to AIR 2012 (included) contained data from 10 projects, which contributed to indicator fulfilment of other than their own priority axis (e.g. project under priority 1 contributing to an indicator “Number of co-operation projects between enterprises and research or education institutions” under priority 2). In the AIRs 2013 and 2014 such cases have been eliminated from indicator tables

and all the supported projects contribute only to fulfilment of indicators of their own priority axis.

By the end of the Programme, under each priority, some indicators remain under-fulfilled. The MC at its meetings has discussed the fulfilment of indicators and the Programme authorities have proposed to change the indicator targets to better meet the reality. The MC decisions, however, had been to leave the targets unchanged and rather to make efforts to achieve the set aims. In the light of this, in the project selection, the MC has always considered the indicator fulfilment at the time without any expense to the quality of the projects.

As of 31 December 2014, the number of approved projects was 67, which represents also the core indicator. This is a little less than the established final target of 75. The smaller number can be mostly attributed to the fact that the average size of the projects was bigger than expected and to a tough selection procedure to ensure the quality of the projects.

Having a retrospective view of the Programme implementation it may be concluded that under-fulfilment of some indicators has not hampered the achievement of the objectives of the Programme as described already in the AIR 2013.

3.1 Priority 1 Increased cohesion of the Programme area

3.1.1 Achievement of targets and analysis of the progress

Table 3 Overview on the fulfilment of indicators under the 1st priority

Indicator	Objective	Baseline 2007	Target 2015	Achievement – 2014 (based on reports of finished projects)	Achievement forecast – 2015 (reports of finished projects + applications of ongoing projects)	Fulfilment % - 2014	Fulfilment forecast % - 2015
Priority 1							
1.Number of projects creating new or improving the existing cross-border transport connection links	Improved physical connectivity of the Programme area	0	10	4	5	40%	50%
2.Number of projects improving access to ICT networks or services	Improved physical connectivity of the Programme area	0	10	3	5	30%	50%
3.Number of projects	Enhanced joint management of	0	5	7	9	140%	180%

developing joint use of infrastructure	public services and resources in the Programme area						
4.Number of projects developing collaboration in the field of public services	Enhanced joint management of public services and resources in the Programme area	0	5	8	10	160%	200%
5.Number of projects finding joint solutions to similar environmental problems	Enhanced joint management of public services and resources in the Programme area	0	10	7	9	70%	90%
6.Number of people participating in joint education or training activities	Increased knowledge and capacity of the target group	0	300	1169	2099	390%	700%
6.1. Number of women participating in joint education or training activities	Increased knowledge and capacity of the target group		50% of the participants are women	529	994	45%	47%

Table 4 Priority 1 by direction of support

Direction of support	ERDF allocation	ERDF committed 2014	ERDF committed total	% of committed ERDF	ERDF paid
1.1 Reducing isolation through improved internal and external connectivity of the Programme area	21 914 737	0	12 026 140	55%	7 707 243
1.2 Enhancing joint management of public services and resources		0	9 803 627	45%	8 816 333
Total		0	21 829 767	100%	16 523 576

In total, twenty one projects have been supported under priority 1 – seven projects under direction of support 1.1 and fourteen under direction of support 1.2. **In 2014 no projects were approved under priority 1.** At the end of 2014, the amount of surplus under this priority was 84 970 EUR, which helps to cover the over-committed sums under priority 3. Also the share of funds paid out has steadily improved compared to the status in 2013 - from 60% to 76% of the total committed funds had been paid out by the end of 2014.

Compared to the end of 2013, the fulfilment of indicators has increased, in the cases of indicators 3, 4, 6 the fulfilment % has already exceeded the target set for 2015. In general,

the fulfilment of indicators under **priority 1** is good or very good, with some exceptions, *i.e.* indicators nr 1 and 2, both of 50% fulfilment by the end of 2015. The under-fulfilment of these indicators was already explained in AIR 2013 but for the sake of consistency is also repeated here:

The under-fulfilment of indicator nr 1 can be explained by the concurrence of the following factors:

- on one hand, priority 1 was meant to finance many different activities to achieve better cohesion of the Programme area, therefore it was not possible to finance many infrastructure projects.
- on the other hand, the number of possible transport connection links to be created or improved between Estonia and Latvia is limited, hence the choice of possible project “sites” has been limited, and the “owners” were not always ready to submit their application, which also required submission of thoroughly prepared technical documentation.

Nevertheless, the Programme has found optimal solutions to support maximum fulfilment of the given indicator in current circumstances and in this respect 50% fulfilment rate is good.

The under-fulfilment of indicator nr 2 has been mostly caused by the following factors:

- the set target value reflects the interest of Estonian and Latvian authorities in the topic and willingness to invest in it, but in most cases the topic of ICT networks and services is addressed on a national level. In the framework of the Programme these services should have been developed jointly with a cross-border impact, which would have required unified requirements that had been problematic, e.g. the ID-card authentication systems for e-services in Estonia and Latvia are non-compatible.

However, the Programme has supported several projects, which had developed joint interactive solutions or mobile applications in their particular area. The projects “Smart Botanic Gardens”, “Cultural heritage”, “Development of Estonian-Latvian Medical Area” (DELMA) and Development of Estonian-Latvian and Latvian-Estonian Dictionary (“Dictionary”) may be provided here as examples. In the project “Smart Gardens”, interactive map for the visitors of the Estonian and Latvian botanical gardens were prepared, whereas in the project “Cultural heritage” an electronic database of over 20,000 heritage sites in Estonia and Latvia was compiled. The project DELMA developed telemedicine services to enable immediate distant consultation and diagnosis in case of need and the dictionary project will make an Estonian – Latvian – Estonian dictionary with 40 000 headwords available online.

Despite special efforts of the JTS in coordination with the MC to receive more applications in the field of ICT such as presentations of the Programme at events organised by respective stakeholders, number of consultations with the field institutions and umbrella associations, the indicator has remained with the lowest fulfilment rate under priority 1.

Nevertheless it may be concluded, as mentioned earlier in this chapter, under-fulfilment of this indicator does not have an impact on the achievement of the objectives and of the better coherence of the Programme area. The ICT solutions have been developed where there has been an actual need. Most of the interactive services prepared within the projects are accessible to the public and complement very well the general tendency of developing user-friendly e-services, which has been one of the national priorities both in Estonia and Latvia during last years.

Very high fulfilment rate of the indicator nr 6 “Number of people participating in joint education or training activities” can be explained by two main factors. On one hand there was very little reliable data available in 2007 to make good quality forecasts about the possible Estonian - Latvian cooperation projects. On the other hand the partners of the projects have done a good job in involving a large number of people to project activities.

3.1.2 Significant problems encountered and measures taken to overcome them

There were no significant problems under priority 1.

3.2 Priority 2 Higher competitiveness of the Programme area

3.2.1 Achievement of targets and analysis of the progress

Table 5 Overview on the fulfilment of indicators under the 2nd priority

Indicator	Objective	Baseline 2007	Target 2015	Achievement – 2014 (based on reports of finished projects)	Achievement forecast – 2015 (reports of finished projects + applications of ongoing projects)	Fulfilment % - 2014	Fulfilment forecast % - 2015
Priority 2							
1.Number of projects promoting entrepreneurial spirit and skills	Increased overall economic competitiveness of the Programme area	0	15	9	10	60%	67%
2.Number of projects supporting the development of economic activities with higher value added	Increased overall economic competitiveness of the Programme area	0	20	8	10	40%	50%
3.Number of projects	Increased overall	0	10	5	7	50%	70%

encouraging the development of cross-border trade	economic competitiveness of the Programme area						
4.Number of co-operation projects between enterprises and research or education institutions	Increased overall economic competitiveness of the Programme area	0	10	7	9	70%	90%
5.Number of new or improved joint tourism products or services	Increased attractiveness of the Programme area for visitors	0	20	4	20	20%	100%
6.Number of projects developing joint use of infrastructure	Increased attractiveness of the Programme area for visitors	0	10	6	6	60%	60%
7.Number of entrepreneurs benefiting from the projects aimed at improving the business environment	Increased capacity of business operators in the Programme area	0	300	1403	1819	468%	572%
8.Number of people participating in joint education or training activities	Increased knowledge and capacity of the target group	0	1400	1548	1926	111%	138%
8.1. Number of women participating in joint education or training activities	Increased knowledge and capacity of the target group		50% of the participants are women	553	742	36%	39%

Table 6 Priority 2 by direction of support

Direction of support	ERDF allocation	ERDF committed 2014	ERDF committed total	% of committed ERDF	ERDF paid
2.1. Facilitating business start-up and development	10 426 615	0	3 393 861	33%	3 337 331
2.2. Increasing the attractiveness of the Programme area		0	6 309 276	62%	5 274 426
2.3. Enhancing employable skills and human resources		0	452 913	5%	452 913
Total		0	10 156 050	100%	9 064 670

Altogether sixteen projects have been financed under priority 2, nine under direction of support 2.1, six under direction of support 2.2 and one under direction of support 2.3. **No projects were approved in 2014 under priority 2.** At the end of 2014, the surplus under priority 2 was 270 565 EUR. The plan is to re-allocate this sum to priority 3 to cover the shortage of funds there and to priority 1 to increase the ERDF share of project “Joint Actions in Tough Environment” (JATE).

The payment rate under priority 2 has raised from 70% of the total ERDF allocation of the priority being paid out by the end of 2013 to 89% by the end of 2014.

If to look at the overall picture and the fulfilment forecast for 2015, the fulfilment of indicators under priority 2 is rather good, with the lowest indicator fulfilment rates being 50% of the target by 2015 for indicator nr 2 “Number of projects supporting the development of economic activities with higher value added” and 60% of the target by 2015 for indicator nr 6 “Number of projects developing joint use of infrastructure”. Regarding indicator nr 2, despite the Programme efforts to attract the entrepreneurs such as organising contact making tours for Estonian and Latvian timber and food processing companies, presentations at a number of thematic events for entrepreneurs, and encouraging entrepreneurship by the MC with the criteria of calls for proposals, their participation remained modest, which was mostly caused by the economic recession falling within the Programme period. Based on the Programme experience it may be said that the target value of 20 projects was too optimistic for this indicator.

Indicator nr 6 by its nature rather belongs to priority 1, where it is also represented under indicator 3 and the fulfilment rate by the end of the Programme should be 180%..

Very high fulfilment rate of the indicator nr 7 “Number of entrepreneurs benefiting from the projects aimed at improving the business environment” can be explained by two main factors. On one hand the target value of the indicator was under-estimated, as due to the fact that very few Estonian – Latvian cooperation projects in similar field had been carried out there was little reliable data available in 2007 to make some sound forecasts for the possible Estonian - Latvian cooperation projects. On the other hand the partners of the

projects have done a good job in involving a large number of entrepreneurs to project activities and hopefully it will lay a good ground for the next Estonia – Latvia Programme, where entrepreneurship support will be a top priority.

3.2.2 Significant problems encountered and measures taken to overcome them

There were no significant problems under priority 2.

3.3 Priority 3 Active, sustainable and integrated communities

3.3.1 Achievement of targets and analysis of the progress

Table 7 Overview on the fulfilment of the indicators under the 3rd priority

Indicator	Objective	Baseline 2007	Target 2015	Achievement – 2014 (based on reports of finished projects)	Achievement forecast – 2015 (reports of finished projects + applications of ongoing projects)	Fulfilment % - 2014	Fulfilment forecast % - 2015
Priority 3							
1.Number of projects improving services for the communities	Improved availability of services in the Programme area	0	10	11	12	110%	120%
2.Number of projects increasing the activity of local communities	Increased activity of the local communities	0	10	21	25	210%	250%
3.Number of rural municipalities involved in project implementation	Increased activity of local communities in the Programme area	0	80	36	38	45%	48%
4.Number of non-governmental organisations involved in project implementation	Increased activity of local communities in the Programme area	0	40	28	39	70%	98%
5.Number of participants benefiting from joint social and cultural activities	Increased social and cultural integration of the people in	0	40000	76238	81448	191%	204%

	the Programme area						
6. Number of people participating in joint education or training activities	Increased knowledge and capacity of the target group	0	300	4043	4858	1348%	1619%
6.1. Number of women participating in joint education or training activities	Increased knowledge and capacity of the target group		50% of the participants are women	1941	2348	48%	48%

Table 8 Priority 3 by direction of support

Direction of support	ERDF allocation	ERDF committed 2014	ERDF committed total	% of committed ERDF	ERDF paid
3.1 Improving the environment for active and sustainable communities	3 593 484	0	1 476 692	40%	1 435 360
3.2. Promoting grass-root level actions		213 910	2 242 607	60%	2 024 793
Total		213 910	3 719 300	100%	3 460 153

Altogether thirty projects have been financed under this priority, nine projects under direction of support 3.1 and twenty one under the direction of support 3.2. **In 2014, two projects** were approved under priority 3, which belonged to the reserve list, as sufficient funding was cumulated from under-spending of the finished projects. By the end of 2014 priority 3 was over-committed by 125 816 EUR, which is well covered by surplus under priorities 1 and 2.

The payment rate under priority 3 continues to be the best of the three priorities with more than 93% of the total ERDF allocation of the priority being paid out by the end of 2014.

As for the general picture and forecast for 2015, the fulfilment of indicators under this priority is the most successful of the three. Only indicator nr 3 “Number of rural municipalities involved in project implementation” will clearly not meet the set target.

The under-fulfilment of indicator nr 3 is mostly caused by the following:

- administrative reform in Latvia in 2009 reduced the number of local municipalities in Latvia for more than 4 times, which meant that several potential individual partners were merged and the number of rural municipalities as potential project partners was significantly reduced on Latvian side;

- the fact that the Programme restricted any construction or reconstruction activities in applications under priority 3 since 2010, made the Programme less attractive for local municipalities, but clearly contributed to more active participation of the third sector and altogether supported more qualitative and cooperation-minded implementation of priority 3.

The MC discussed the fulfilment of this indicator and agreed that reaching a certain number of participating rural municipalities was not regarded as one of the main objectives of priority 3. Rather the MC encouraged participation of NGOs to have an impact on real grass-root level, which is illustrated also by good fulfilment rate of indicator nr 4.

Estimated high fulfilment rate of indicator nr 2 “Number of projects increasing the activity of local communities” is mostly caused by the fact that the average project budget under priority 3 (approximately 127 000 EUR) is smaller than expected in the beginning of the Programme, which has logically resulted in an over-fulfilment of the indicator, as majority of priority 3 projects qualify for this indicator.

3.3.2 Significant problems encountered and measures taken to overcome them

There were no significant problems under Priority 3.

Chart 2: Share of each direction of support to the total funding



4 MAJOR PROJECTS

The implementation of major projects is not applicable in the framework of the Estonia – Latvia programme 2007-2013.

5 TECHNICAL ASSISTANCE

The overall budget of Technical Assistance for the Estonia – Latvia Programme 2007-2013 is 4 681 047 EUR out of which the Community funding is 2 293 713 EUR. With the amendment to the Operational Programme in 2012, the co-financing rate of Community contribution was changed from 35.76% to 49% and national contribution, consisting of Estonian and Latvian contributions, has been reduced from 64.24% to 51.00%. As in 2013, also in 2014 the transitional period was applied in order to reach the co-financing levels of the OP by the end of Programme. In 2013 the ERDF rate was 88.20% and national co-financing rate 11.80%. In 2014 the ERDF rate was 43.96% and the national one 56.04%. In 2014, the total TA expenditure made up 617 454 EUR, of which the Community contribution was 271 433 EUR. The total spent TA expenditure for the period 2007-2014 is 3 357 888 EUR with the Community funding of 1 557 656 EUR. In calculation, until the end of 2012, Community co-financing rate of 35.76% was applied, for 2013 the applied rate was 88.20% and for 2014 it was 43.96%.

The Monitoring Committee approved the TA budget on 3 March 2014. The table on the next page shows the TA expenditure by budget lines. There has been a minor overspending in the JTS Tartu office budget line “External expertise, analysis” by 8.66%. This occurred due to two major events in 2014, the final event of the Programme in Valga and publication of a book “Estonia-Latvia stories”. The overspending could be covered from other budget lines as the overall fulfilment of the budget of the JTS Tartu office was 85%. As the overspending was less than 10%, the approval of the reallocation by the MC was not necessary (see chapter 2.1.1).

The budget has been spent keeping in mind the best practice and benefit for the Programme. By the decision of the MC, the TA budget of the 2007-2013 period is used also for the preparation of the Cooperation Programme Interreg V-A – Estonia-Latvia. The MC allocated 150 000 EUR for this purpose to cover all the preparation period over the years. By the end of 2014 of this amount altogether 107 990 EUR has been spent.

Table 9 Technical Assistance expenditure 2007-2014

	Eligible expenditure 2007-2013				Planned budget 2014				Eligible expenditure 2014				Total eligible expenditure 2007-2014			
	Total	Tartu office	Riga IP	Program-ming 2014-2020	Total	Tartu office	Riga IP	Program-ming 2014-2020	Total	Tartu office	Riga IP	Program-ming 2014-2020	Total	Tartu office	Riga IP	Program-ming 2014-2020
Joint Technical Secretariat																
Staff costs	1 145 806	992 042	153 764	0	255 600	201 600	54 000	0	202 558	181 868	20 690	0	1 348 364	1 173 910	174 454	0
Office expenses	179 883	155 842	24 041	0	35 380	26 980	8 400	0	21 246	19 327	1 919	0	201 129	175 169	25 960	0
Travel and accommodation	138 808	117 452	20 374	982	43 780	33 880	7 000	2 900	26 287	22 320	3 301	666	165 095	139 772	23 675	1 648
Programme Meetings (MC)	46 493	25 612	0	20 882	28 500	13 900	0	14 600	9 698	2 758	0	6 940	56 191	28 369	0	27 822
Database	35 495	35 495	0	0	6 000	6 000	0	0	0	0	0	0	35 495	35 495	0	0
External expertise, analysis	209 224	186 424	0	22 800	101 971	15 000	0	86 971	72 019	16 299	0	55 720	281 243	202 723	0	78 520
Publicity and marketing	248 693	248 693	0	0	83 000	83 000	0	0	82 604	82 604	0	0	331 298	331 298	0	0
Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
JTS TOTAL	2 004 402	1 761 560	198 179	44 663	554 231	346 480	69 400	104 471	414 413	325 176	25 910	63 326	2 418 815	2 086 735	224 089	107 990
Managing Authority, Audit Authority, Certifying Authority																
Labour costs	534 372	0	0	0	194 627	0	0	0	148 278	0	0	0	682 651	0	0	0
Office costs	102 221	0	0	0	32 078	0	0	0	30 473	0	0	0	132 694	0	0	0
Travel and accommodation	99 439	0	0	0	49 820	0	0	0	24 290	0	0	0	123 728	0	0	0
MA/AA/CA TOTAL	736 032	0	0	0	276 525	0	0	0	203 041	0	0	0	939 073	0	0	0
TOTAL JTS + MA/AA/CA	2 740 434	1 761 560	198 179	44 663	830 756	346 480	69 400	104 471	617 454	325 176	25 910	63 326	3 357 888	2 086 735	224 089	107 990

Table 10 Fulfilment of the indicators under Technical Assistance

Priority 4. Technical assistance					
Indicator	Objective	Baseline 2007	Achievement – 2014	Programme target - 2015	Fulfilment % - 2014
1. Percentage of all projects approved for funding implemented successfully	Efficient assessment, selection and monitoring procedures of the Programme	0	100%	95%	100%
2. Number of events, seminars and trainings organised for the publicity, information and capacity building about the Programme	Increased knowledge and capacity of the target group about the Programme	0	98	32	306%
3. Number of participants to different Programme events (conferences, workshops, seminars, trainings)	Increased knowledge and capacity of the target group	0	3349, including 2265 female	1 200 thereof at least 50% female	279%, including 68% female

6 INFORMATION AND PUBLICITY

6.1 Information and publicity activities

The focus of 2014 information and publicity activities has been on informing all interested stakeholders about the preparations of the new programme for 2014-2020 period and showcasing the results achieved by the programme to various target audiences in Estonia and Latvia. The division of the programme target audiences could be characterized as follows:

- **Existing stakeholders** – all programme authorities and people involved in implementing the projects in Estonia, Latvia and European Union institutions;

- **Local communities** – people from the regions that are directly benefiting from the activities implemented by the project partners in the programme territory in Estonia and Latvia;
- **General public** – people from all walks of life that are interested in the results of territorial cooperation and that potentially might be interested in cooperation during the next period in Estonia and Latvia.

The following information, publicity and communication activities were carried out by the Programme in 2014:

- Regular **website and social media updates**, focusing on results of the current and planning of the new programme.
- Programme's **final publication** – book **«Estonia-Latvia stories»** published in the Estonian, Latvian and English languages.
- **Signing the book „Estonia-Latvia stories”** - an event held together with writers, where the book was introduced and the stories from the book were read.
- Programme closing event by the name of **Stopover Celebration** in Valga Railway Station on 21 November:
 - ✓ **Animations** being developed presenting programme results.
 - ✓ **Video clips** with interesting and famous people reading extracts from the book “Estonia-Lavia stories” filmed and presented at the event.

The main emphasis of communication activities in 2014 was reflecting the realistic social and cultural impact of implemented projects for the people and communities, and representing this in untraditional way instead of creating formal reports or presentations. While the regular communication kept the potential stakeholders informed about ongoing preparations of Estonia - Latvia Programme 2014-2020 through direct messages, social media and website updates, the highlights of 2014 were issuing the **book “Estonia – Latvia Stories”** and the **Stop-over Celebration event** in Valga.

- **“Estonia-Latvia Stories” book** captured all cooperation projects implemented in 2007 – 2015 in the form of journalistic story-telling, seen through the eye of the people not involved in the projects or programme. The book was published in Estonian, Latvian and in English. It contained sixty-seven short stories about cooperation projects between partners in Estonia and Latvia, written by eight writers from both countries and illustrated by six photographers. The book showed clearly that cooperation initiatives varied from smaller NGO networking initiatives to joint environmental, cultural and technological projects. The book also includes visual graphics and tables with financial information, explaining how the projects were co-funded from the European Regional Development Fund, by Estonian and Latvian partners.

“Estonia-Latvia Stories” is available in national and public libraries of Estonia and Latvia. Personal copies of this free of charge publication can be obtained by attending Estonia - Latvia Programme organized events or directly from the secretariat.

The book presentations took place in Riga, in National Library of Latvia in September, in frame of the celebration of European Cooperation Day; and at the Stopover Celebration event in Valga, Estonia in November 2014. The presentations were carried out in the form of story-telling and book reading. In Riga, the eight writers were asked to read the extracts of their stories directly to the audience of over 80 persons. In Valga, the stories were pre-read by local famous persons, it was filmed, and presented on screen for the audience of nearly 200 people. The videos were also posted to Estonia-Latvia Programme website and Youtube channel.

- The concept of the **closing event in November** was formed into **Stopover Celebration** event representing the idea of time between the two programme periods. This was supported by the choice of location - Valga Railway Station in the border of Estonia and Latvia – carrying a symbolic meaning for the programme. Firstly, being the only twin town on the border of Estonia and Latvia, Valga/Valka has a history of long term cooperation. Secondly, Valga railway station was the only spot on the border where the trains of two countries met. Thirdly, Valga station building was partly renovated with the support of the Estonia-Latvia Programme.

The presentations in Valga emphasized different aspects and life experience in connecting two countries and people. The synthesis on previous programme period was presented in the form of **animations** and **book reading videos**, with the fact that nearly 100 000 people were involved in joint activities in past seven years, which represents 5% of the total population in the programme area. The priorities for new period were introduced while the Estonian Minister of the Interior Mr. Hanno Pevkur and Parliamentary Secretary of the Latvian Ministry of Environmental Protection and Regional Development Mr. Edgars Tavars confirmed the importance of the continuity of such cooperation. Interactive and informal presentations inspired by the projects were carried out by people cooperating daily with neighbours, among them the scientist, the teacher, the guide, the civil society activist, the poet, the music conductors and the mayors of Valga and Valka.

The Stopover Celebration event gained a very positive feedback from participants and was also pointed out as the best practice case for regional development by Enterprise Estonia in its annual event.

A short documentary was made about preparations and organizing the closing event. The interactive materials including short animations capturing the results of previous programme period were distributed via social media channels, media contacts and contact lists of the Estonia-Latvia Programme and Enterprise Estonia.

The **Programme social media** strategy, successfully started at the beginning of 2012, was continued in 2014. Items about the work of the Programme and projects along with other Estonia – Latvia cooperation related items that might be of interest to people working with

cross-border projects, were posted on Programme Facebook profile regularly. The number of followers at the end of 2014 was close to 600 with nearly 200 persons joining in 2014. The most popular posts like news, pictures and videos from the stopover celebration were seen by nearly 9000 Facebook users in Estonia and Latvia, but also the animations summarising the results of the programme were widely shared reaching more than 7200 users. The Programme also continued to use YouTube channel for video uploads. In 2014, the Programme altogether produced and uploaded 20 videos, including the abovementioned animations, 4 videos with different persons reading a story from the book “Estonia-Latvia stories” and presentations from the stopover celebration in Valga. According to YouTube statistics, all videos together have been viewed about 6000 times. The most popular video with over 200 views was the invitation to the stopover celebration. Since the establishing of YouTube account at the beginning of 2012, the total views for the channel is nearly 19 000.

The **Programme website www.estlat.eu** was constantly updated, with 21 news items on running project events and Programme activities. In 2014, new section “Summing up 2007-2013” was added that refers to our actions presenting the results of the programme – documentary “Better Neighbours”, road trip to celebrate the European Cooperation Day in 2013, book “Estonia-Latvia stories”, animations and stopover celebration. The section on the Planning for 2014-2020 has been regularly updated with new information. Altogether from January 1 until December 31, 2014 the website was visited 20 987 times by 12 883 unique visitors, 41% of whom returned to the site several times. 37% of all visitors were from Estonia, 31% - from Latvia, the rest were mostly from the US and countries in the European Union. On December 18, 2014 the site received the highest number of visitors – 434 and it was in connection with the vacancies in the Joint Secretariat of the new programme.

The **news updates** have been sent out in several mailings directly to about 1500 contacts. In 2014 those have been mostly about the promotion of the results of the current programme and preparation of the new programme.

6.2 Media monitoring

In 2014, the Programme was covered by at least 9 media outlets and stations, but the programme-funded projects received much more extensive coverage, mostly in local and regional media outlets, in some cases also on national media. The Programme does not use professional media monitoring services, but monitors media using its own resources, therefore not all media impressions can be precisely counted.

The Estonia-Latvia programme stopover celebration in Valga, Estonia and presentation of the book “Estonia-Latvia stories” in Riga, Latvia received the largest media attention, including national public broadcasting. In case of stopover celebration also Estonian national TV reporter was present, whose clip about the event was presented on the main news programme of Estonian national TV. In Estonia, Maaleht (The Rural Paper) has repeatedly covered cooperation activities between Estonians and Latvians supported by the Programme and also follow-up activities after our projects have finished. All Programme media coverage was either initiated by the secretariat or by media representatives, and was free of charge.

Several projects, for instance „Drain for Life”, „Integrated business development in South Estonian and North Latvia”, „Developing of cross-border trade network” and „Smart Botanic Gardens”. were very active with arranging their own media coverage in 2014.

7 CHALLENGES FOR 2015

The key challenges for 2015 will be wrapping up of the current Estonia – Latvia Programme and launching of the new programme, with the official name Interreg V-A – Estonia - Latvia.

The revised programme document submitted to the European Commission in May 2015 is still to be approved.

In the context of the new programme the biggest challenge is informing the public. The individual consultations and public launching events will show how well the thematic focus of the new programme can be put in practice and how it is perceived by the applicants. Based on the first experiences it can be said that focusing on concrete topics makes the consultation process easier, as the given guidance on the suitability of project ideas can be more concrete, and the events can be targeted better, *i.e.* it is easier to define possible target audience of the events.

The main tasks related to closure of the current Estonia – Latvia Programme 2007-2013 are timely finalisation of the seven still running projects and processing of the last reports, including both project and technical assistance reports.

Programming 2014 – 2020

In 2014 the JTS focused on finalising programming of the Estonia – Latvia Programme for the period 2014-2020 and preparation of implementation tools for the next programme. The Joint Programming Committee gathered for two-day meetings in February and April. The actions were taken to finalise the wording of result indicators, setting their baseline and target values, dividing financial allocations between priority axes, arranging public hearings both in Latvia and Estonia of the programme document and strategic environmental assessment report, finalising *ex ante* assessment and organising national approval procedures of the documents to be submitted to the European Commission.

In parallel the programme authorities were organizing three task force meetings for designing the practical implementation tools of the new programme, including development of the e-monitoring system, setting rules for additional simplification measures, and updating procedures and related documents for application, reporting and requesting changes in project activities and budget.

A survey on baseline values for the result indicators within the Programme area was carried out in spring and summer 2014, mapping the current situation in business cooperation, cooperation between environmental institutions, energy saving, waste sorting, recycling,

environmental awareness, and labour commuting between Estonia and Latvia. The indicators have been discussed thoroughly beforehand with ex ante evaluation team.

The public hearing for the ex ante evaluation and strategic environmental assessment report was carried out in both countries from January to May. Public hearing for the Operational Programme was held in April 2014. The Operational Programme of the cooperation programme Interreg V-A – Estonia - Latvia was approved by both Member States in November 2014.

Estonia – Latvia Programme has chosen following priorities for the period 2014 – 2020:

- Active and attractive business environment for the thematic objective No. 3 – „enhancing the competitiveness of small and medium-sized enterprises“;
- Clean and valued living environment for the thematic objective No. 6 – „protecting the environment and promoting resource efficiency“;
- Integrated labour market for the thematic objective No. 8 – "promoting employment and supporting labour mobility“;
- Better network of small harbours for the thematic objective No. 7 – "promoting sustainable transport and removing bottlenecks in key network infrastructures".