



European Union

Linking Estonia and Latvia  
Part-financed by the European Regional Development Fund

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

**Commission Decision  
C(2007) 6603 of 21 December 2007**

**CCI no. 2007 CB 163 PO 050**

**ANNUAL IMPLEMENTATION REPORT**

**2007**

June 2008

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## 1 Identification

<b>OPERATIONAL PROGRAMME</b>	Objective concerned	<b>European Territorial cooperation</b>
	Eligible area concerned	<b>Estonia (Lõuna-Eesti, Lääne-Eesti) and Latvia (Kurzeme, Pierīga, Riga, Vidzeme)</b>
	Programming period	<b>2007-2013</b>
	Programme number (CCI No)	<b>2007 CB 163 PO 050</b>
	Programme title	<b>Estonia – Latvia Programme 2007-2013 Cross-border Co-operation Programme</b>
<b>ANNUAL IMPLEMENTATION REPORT</b>	Reporting year	<b>2007</b>
	Date of approval of the annual report by the monitoring committee	<b>July 2008</b>

The Estonia – Latvia Programme 2007-2013 (hereinafter referred to as Programme) is a cross-border co-operation (CBC) programme including the NUTS III regions from Estonia (Lõuna-Eesti, Lääne-Eesti) and Latvia (Kurzeme, Pierīga, Riga, Vidzeme).

The overall objective of the Programme is 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.

The priorities of the Programme are:

- 1) Increased cohesion of the Programme area,
- 2) Higher competitiveness of the Programme area, and
- 3) Active, sustainable and integrated communities.

Impact of the Programme as regards to increasing the intensity of co-operation, shall be measured by the number of projects respecting the following criteria:

- Joint development
- Joint activities

- Joint staffing

The target of the indicator is 75 projects financed from the Programme respecting the above criteria. Baseline for measuring the impact is 0. General management and implementation matters as well as the structure of the Programme are more closely described in the Operational Programme and in the Programme Manual (<http://www.estlat.eu/?page=21>)

This report covers mainly the preparation phase of the Programme as the Operational Programme (OP) was approved by the European Commission on 21.12.2007.

## 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 Programme is divided into four priority axes and for each priority is foreseen a set of indicators. The tables below list all the indicators specified in the Operational Programme (OP). The baseline value for all indicators is zero. No projects were approved in 2007 and therefore the physical progress could not be measured.

**Table 1: Priority .1 Increased cohesion of the Programme area**

INDICATORS			
Indicator	Objective	Baseline 2007	Target 2015
Number of projects creating new or improving the existing cross-border transport connection links	Improved physical connectivity of the Programme area	0	10
Number of projects improving access to ICT networks or services	Improved physical connectivity of the Programme area	0	10
Number of projects developing joint use of infrastructure	Enhanced joint management of public services and resources in the Programme area	0	5
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
Number of projects finding joint solutions to similar environmental problems	Enhanced joint management of public services and resources in the Programme area	0	10
Number of people participating in joint education or training activities	Increased knowledge and capacity of the target group	0	300 thereof at least 50% female

**Table 2: Priority 2. Higher competitiveness of the Programme area**

INDICATORS			
Indicator	Objective	Baseline 2007	Target 2015
Number of projects promoting entrepreneurial spirit and skills	Increased overall economic competitiveness of the Programme area	0	15
Number of projects supporting the development of economic activities with higher value added	Increased overall economic competitiveness of the Programme area	0	20
Number of projects encouraging the development of cross-border trade	Increased overall economic competitiveness of the Programme area	0	10
Number of co-operation projects between enterprises and research or education institutions	Increased overall economic competitiveness of the Programme area	0	10
Number of new or improved joint tourism products or services	Increased attractiveness of the Programme area for visitors	0	20
Number of projects developing joint use of infrastructure	Increased attractiveness of the Programme area for visitors	0	10
Number of entrepreneurs benefiting from the projects aimed at improving the business environment	Increased capacity of business operators in the Programme area	0	300
Number of people participating in joint education or training activities	Increased knowledge and capacity of the target group	0	1,400 thereof at least 50% female

**Table 3: Priority 3. Active, sustainable and integrated communities**

INDICATORS			
Indicator	Objective	Baseline 2007	Target 2015
Number of projects improving services for the communities	Improved availability of services in the Programme area	0	10
Number of projects increasing the activity of local communities	Increased activity of the local communities	0	10
Number of rural municipalities involved in project implementation	Increased activity of local communities in the Programme area	0	80
Number of non-governmental organisations involved in project implementation	Increased activity of local communities in the Programme area	0	40
Number of participants benefiting from joint social and cultural activities	Increased social and cultural integration of the people in the Programme area	0	40,000 thereof at least 50% female

Number of people participating in joint education or training activities	Increased knowledge and capacity of the target group	0	300 thereof at least 50% female
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Table 4: Priority 4. Technical Assistance

INDICATORS			
Indicator	Objective	Baseline 2007	Target 2015
Percentage of all projects approved for funding implemented successfully	Efficient assessment, selection and monitoring procedures of the Programme	0	95%
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	32
Number of participants to different Programme events (conferences, workshops, seminars, trainings)	Increased knowledge and capacity of the target group	0	1,200 thereof at least 50% female

2.1.2 Financial information (in EUR)

**Table 2: Financial information on the priority axes by source of funding (31.12.2007)**

	Community Funding	National Public funding	National private funding <sup>1</sup>	Total funding	Expenditure paid out by the beneficiaries included in payment claims sent to the managing authority	Corresponding public contribution <sup>2</sup>	Private expenditure <sup>3</sup>	Expenditure paid by the body responsible for making payments to the beneficiaries	Total payments received from the Commission <sup>4</sup>
<b>Priority Axis 1</b> Increased cohesion of the Programme area	17,967,418.00	2,994,250.00	1,000,000.00	21,961,668.00	0.00	0.00	0.00	0.00	0.00
<b>Priority Axis 2</b> Higher competitiveness of the Programme area	14,373,934.00	2,199,995.00	1,907,296.00	18,481,225.00	0.00	0.00	0.00	0.00	0.00
<b>Priority Axis 3</b> Active, sustainable and integrated communities	3,593,484.00	634,144.00	0.00	4,227,628.00	0.00	0.00	0.00	0.00	0.00
<b>Priority Axis 4</b> Technical Assistance	2,293,713.00	4,119,683.00	0.00	6,413,396.00	51,189.99	32,884.45	0.00	0.00	0.00
<b>Grand Total</b>	<b>38,228,549.00</b>	<b>9,948,072.00</b>	<b>2,907,296.00</b>	<b>51,083,917.00</b>	<b>51,189.99</b>	<b>32 884,45</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

<sup>1</sup> To be filled only when priority axes are expressed in total costs

<sup>2</sup> The precise rate used to reimburse payments is the ration between the Community funding and the Total funding

<sup>3</sup> Only applicable for operational programmes expressed in total cost

<sup>4</sup> First advance payment from Commission in amount of 764,570.98 was received on 8 January 2008

### 2.1.3 Information about the breakdown of use of the Funds

**Table 3: Information about the breakdown of the use of Funds (31.12.2007)**

<b>Code (*) Di- mension 1 Priority theme</b>	<b>Code (*) Di- mension 2 Form of finance</b>	<b>Code (*) Di- mension 3 Territory</b>	<b>Code (*) Di- mension 4 Economic ac- tivity</b>	<b>Code (*) Di- mension 5 Location</b>	<b>Amount (**)</b>
85+86 Priority 4 Technical As- sistance	01	08	00	Cross-border	51,189.99
<b>Total:</b>					<b>51,189.99</b>
(*) The categories are coded for each dimension using the standard classification.					
(**) Allocated amount of the Community contribution.					

### 2.1.4 Assistance by target groups

Under the implementation of the programme in 2007, no specially targeted groups and sectors could be identified, since the only expenditure occurred was under Technical Assistance.

### 2.1.5 Assistance repaid or re-used

No assistance was repaid or re-used during the implementation of the programme in 2007.

### 2.1.6 Qualitative analysis of the Programme preparation

It is too early to make a qualitative analysis of the Programme as there has been no actual implementation during 2007. Hence the following section describes only the history of preparatory work of the Programme and the most important meetings held up to 31.12.2007.

July 7, 2005: The kick-off meeting to start the preparation of the Programme was held in Tallinn between the ministries responsible for EU territorial co-operation in Estonia and Latvia. The preliminary time-table and first steps of the preparation process were agreed upon.

October-November, 2005: Regional roundtables were organised in Estonia where local and regional authorities formulated their proposal for priorities for cross-border co-operation with Latvia.



January 30, 2006: The meeting to discuss the implementation issues of the future Baltic CBC programmes was held in Riga between the ministries responsible for EU territorial co-operation in Estonia, Latvia, and Lithuania.

February 3, 2006: The meeting to agree upon the implementation structures of the future Baltic CBC programmes was held in Brussels between the ministries responsible for EU territorial co-operation in Estonia, Latvia, and Lithuania, and the European Commission. It was agreed that Estonia will host the Managing Authority, Certifying Authority, and Auditing Authority for the Estonia – Latvia Programme in 2007-2013.

March 28, 2006: The 1<sup>st</sup> Task Force (TF) meeting of Programme was held in Tallinn. The TF agreed upon the timetable and division of tasks of the programming process, discussed the eligible areas and indicative financial allocation to the Programme, and decided to have the first draft OP ready by the end of June.

May 2, 2006: Public seminar to elaborate the SWOT analysis of the Programme area and prioritise co-operation topics of the Estonian regions was organised in Pärnu.

May 30, 2006: Joint seminar for Estonian and Latvian regional, local, and national authorities was organised in Sangaste to compile the joint SWOT table and the joint list of priorities of both countries for the Programme.

July 5, 2006: The 2<sup>nd</sup> TF meeting of the Programme was held in Riga. Content of the first draft of the OP was discussed.

September 14, 2006: The 3<sup>rd</sup> TF meeting of the Programme was held in Valga. The TF elaborated the Programme strategy and discussed the implementation structure of the Programme.

October 5, 2006: The Programme meeting with the Commission was held in the Ministry of the Interior in Tallinn.

November 8, 2006: The 4<sup>th</sup> TF meeting of the Programme was held in Valmiera, Latvia. Agenda covered Programme content, implementation arrangements, organising public hearings on OP in Estonia and Latvia, and status of Ex-ante evaluation and Strategic Environmental Assessment.

February 27, 2007: The 5<sup>th</sup> TF meeting of the Programme was held in Tallinn. Results of the public hearings held during January-February 2007 in Estonia and Latvia were presented. Content part of the Operational Programme with some additions was approved.

May 8, 2007: The 6<sup>th</sup> TF meeting of the Programme was held in Riga. The TF discussed submission of Operational Programme to the EC after receiving official approvals at national level. Delegations also discussed the draft Programme Manual (PM) chapter by chapter.

August 30-31, 2007: The 7<sup>th</sup> TF meeting of the Programme was held in Tartu, Estonia. The Estonian delegation gave an overview of the submission process of the OP to the Commission, and the subsequent replies received (admissibility confirmation on 15. June 2007; comments and questions on 13. August 2007). TF discussed the required amendments and agreed to update the OP accordingly. The other topics covered in this meeting were project application and assessment procedures and finalisation of the PM.

November 1, 2007: The 8<sup>th</sup> and final TF meeting of the Programme was held in Pärnu, Estonia. The meeting covered several topics related to the future implementation of the Programme like 1<sup>st</sup> level control procedures, rules of procedure of the Monitoring Committee (MC) and rules of procedure of the Joint Technical Secretariat (JTS). In addition to the final draft of Programme Manual also the draft application form was presented by the JTS. The member states Estonia and Latvia agreed to finalize the nomination of Monitoring Committee members in 2007 in order to be ready to have the first MC meeting already in January 2008.

### *2.1.7 The Programme preparation*

The official preparatory activities of the Programme started already in 2005 when the kick-off meeting was held in Tallinn between the ministries responsible for EU territorial co-operation in Estonia and Latvia. However, active work with Operational Programme started in March 2006 when the 1st Task Force meeting of the Programme was held in Tallinn. In May 2006, DEA Baltika was selected for conducting the ex-ante evaluation and Strategic Environmental Assessment (SEA) for the programme as a result of a public tender. First draft of the Operational Programme was prepared by the end of June 2006. The public hearing and SEA consultations for the Programme were arranged simultaneously during January-February 2007 in both Member States. The comments received through the public hearings and SEA consultations were summarised and submitted to the Task Force members who considered the comments in their meetings in February 2007.

The Operational Programme was finalised in close co-operation between responsible Estonian and Latvian ministries and after receiving official approvals at national level the OP was submitted to the European Commission on 11 June 2007. The European Commission replied with comments and asked for additional information in August. According to the Commission recommendations several technical changes were included into the Operational Programme.

The Commission's concerns about the separation of functions, in particular doubts relating to the operation of the Certifying Authority and the Audit Authority in the same Ministry, giving rise to possible interference from the higher officials in the management system as departments might not be functionally separate, was explained by the Ministry of the Interior describing the structure of the ministry and the functional system established to avoid any lack of conformity.

Comments from DG ENVIRONMENT received in October, 2007 via email communication were also elaborated and taken into consideration. The requirement to add information on environmental issues was met by adding in the Operational Programme as a separate annex to the document.

Most of the comments were taken into account, additional information was provided as necessary, and the OP was revised accordingly and submitted to the EC via the System for Fund management in the European Community (SFC 2007) on 21 November 2007. The European Commission approved the programme on 21 December 2007.

## **2.2 Information about compliance with Community law**

No problems relating to the compliance with Community law have been encountered so far in the implementation of the Operational Programme.

## **2.3 Significant problems encountered and measures taken to overcome them**

No significant problems were encountered in implementing the operational programme.

## **2.4 Complementarity with other instruments**

Co-ordination mechanisms with all relevant programmes will be set up to exchange information and enhance complementarities and synergies, and to prevent overlapping of activities and double-

financing of operations supported from different EU programmes implemented in the region. The coordination mechanisms will guarantee that the activities financed from this Programme and the activities financed from other EU programmes complement and do not duplicate each other. The Programme will contribute to the achievements of the national policy objectives but support only the activities with clear cross-border impact, utilising the added value of cross-border co-operation in the selected directions of support.

## **2.5 Monitoring arrangements**

Estonia and Latvia have set up a joint implementation structure for the Programme in Estonia. The Ministry of the Interior has been designated to act as the Managing Authority, the Certifying Authority, and the Audit Authority of the Programme. Separation of functions between the departments in charge of the authorities is ensured by the Directive of the Minister for Regional Affairs on 30 October, 2007 No.117, which nominates the respective three departments within the ministry to carry out the functions of the three authorities, and authorises the head of each department to serve as the head of the respective authority. This authorisation includes the signature right in all matters concerning the functions of the authorities being delegated to the respective head of department, who signs all documents relating to respective authority issues. By the above directive, the head of each department is conferred powers to carry out the tasks of the respective authority independently from the ordinary subordination within the ministry.

The Joint Technical Secretariat of the Programme is hosted by Enterprise Estonia. Enterprise Estonia is a separate legal entity (foundation), established by the Estonian Government and controlled by state authorities. Enterprise Estonia is acting under private law according to agreements (concluded under public law) with relevant ministries. The office of the Joint Technical Secretariat is located in Tartu, Estonia. The JTS is supported by an Information Point located in Riga, Latvia.

The JTS has international staff employed by the Enterprise Estonia. Staff of the JTS shall cover all relevant languages – Estonian, Latvian, and English. The recruitment process started in May 2007 when the position of Head of Secretariat was advertised in the relevant newspapers and also on the web-pages of the Ministry of the Interior (Estonia), Ministry of Regional Development and Local Governments (Latvia), and Enterprise Estonia. After a competence assessment and interviews of short listed candidates during June 2007, the Head of Secretariat was chosen and took up his position in August 2007. The next step was to recruit four staff for the position of consultant for the Joint Technical Secretariat. Vacancies were published in September 2007. Following the recruitment process, two JTS

staff members started working at the Secretariat at the end of October 2007. The two other consultants began to work, one at the beginning of December 2007, the other at the beginning of January 2008.

In the last Task Force meeting held on 1 November 2007 preparations for establishing the Monitoring Committee (MC) were made. The Rules of Procedure of the Monitoring Committee were presented to the members of the TF. The rules are based on, and in large part cover the text in the Operational Programme. The process of nominating the Monitoring Committee members started in December 2007. On appointing and nominating the socio-economic partners it was agreed that at least one environmental organization should be nominated in accordance with a request from the DG Environment. It was agreed that both countries will nominate up to two socio-economic partners.

In this meeting it was also pointed out that all the necessary documents to launch the submission of applications (MC Rules of Procedure, Programme Manual, and Application Form) need to be approved at the first MC meeting what was scheduled to take place in January 2008.

The Managing Authority and the Monitoring Committee will ensure the quality of the implementation of the Programme. The JTS on behalf of the Managing Authority and the Certifying Authority will provide all relevant information to the Monitoring Committee to ensure proper implementation of the Programme. For monitoring of progress, the JTS will regularly provide a report on the progress of the operations. Furthermore, the JTS will regularly report to Managing Authority and Monitoring Committee on commitments and payments. The Monitoring Committee shall periodically review progress made towards achieving the specific targets of the Operational Programme on the basis of documents submitted by the Managing Authority and JTS. The Monitoring Committee shall consider and approve the annual and final reports on implementation before these are submitted to the European Commission.

### **3 Implementation by priority**

As the Operational Programme was approved in the very end of 2007, no information on the implementation by the priority can be given for the time being. Information on the implementation of Priority Axes 4 (Technical Assistance) is given in the section 4 below.

## 4 Technical Assistance

The total budget of Technical Assistance (TA) in 2007 amounts to EUR 51,189.99 which corresponds to EUR 18,305.54 spent from ERDF funds. That is 0.048% of the amount of the ERDF contribution allocated to the Programme. The detailed report according to individual budget lines is presented in Table 4.

As most of the activities financed by TA were directly targeted to the actual Programme preparation the most prominent cost item was the labour costs. The salaries of the MA/JTS were covered by TA as well as advertising costs for example for recruitment. Besides the personnel costs the office related expenditure such as office equipment, maintenance and utilities and organisation and implementation of programme meetings were financed from the technical assistance budget.

The total eligible expenditure did not reach the planned budget for year 2007. This could be explained by the fact that the JTS was in the beginning staffed by one person only, the Head of the JTS. However, the main reason is that the expenses' forecast for 2007 was overestimated. Several invoices for purchases and services used in 2007 were actually paid out in 2008.

**Table 4: Technical Assistance (TA) 2007 annual report**

Reporting period 01.01.2007-31.12.2007	Planned budget 2007	Total eligible expenditure
<b>Joint Technical Secretariat</b>	93,550	<b>33,750.06</b>
Labour costs	40,086	<b>22,491.71</b>
Office expenses	31,351	<b>9,726.11</b>
Travel and accommodation	2,493	<b>958.19</b>
Programme Meetings (MC)	1,406	<b>574.05</b>
Database	8,309	<b>0.00</b>
External expertise, analysis	3,196	<b>0.00</b>
Publicity and marketing	6,711	<b>0.00</b>
<b>MA/SA/AA</b>	17,442	<b>17,439.93</b>
Labour costs	15,848	<b>15,847.10</b>
Office expenses	217	<b>216.66</b>
Travel and accommodation	1,377	<b>1,376.17</b>
<b>TOTAL JTS+MA/CA/AA</b>	<b>110,992</b>	<b>51,189,99</b>

## **5 Information and publicity**

In January-February 2007, the Programme was presented in public hearings in the participating Member States with wide range public participation. During the preparatory phase, the representatives of the Member States also distributed information on the Programme at their own events and meetings taking place on national level. The information and publicity activities of the Programme for a wider public started on 25 September 2007 in Riga where an INTERREG conference “United by Borders” gave an opportunity to present the Programme in one of the parallel workshops. On 13 November, 2007 the Estonian Ministry of the Interior organised a national information event where all the forthcoming European Territorial Cooperation programmes were introduced. Detailed presentation about the Programme objectives and principles was given in one of the parallel workshops.

Planning works of the opening conference to be held in Valga, Estonia in February 2008 started in November 2007 with drafting the agenda and choosing location of the event.

In December 2007, the JTS launched a tender to find a company for technically elaborating the Programme’s website. The website is operational since April 2008 at the address [www.estlat.eu](http://www.estlat.eu). Users could download the Programme documents, the Application Form and find out what assistance is available to them.