EEA Financial Mechanism 2014-2021

PROGRAMME AGREEMENT

between

The Financial Mechanism Committee

established by Iceland, Liechtenstein and Norway

and

The Ministry of Finance,

hereinafter referred to as the "National Focal Point",

representing Latvia,

hereinafter referred to as the "Beneficiary State"

together hereinafter referred to as the "Parties"

for the financing of the Programme "Local Development, Poverty Reduction and Cultural Cooperation"

hereinafter referred to as the "Programme"

Chapter 1
Scope, Legal Framework, and Definitions

Article 1.1
Scope

This programme agreement between the Financial Mechanism Committee (hereinafter referred to as the FMC) and the National Focal Point lays down the rights and obligations of the Parties regarding the implementation of the Programme and the financial contribution from the EEA Financial Mechanism 2014-2021 to the Programme.

Article 1.2
Legal Framework

1. This programme agreement shall be read in conjunction with the following documents which, together with this programme agreement, constitute the legal framework of the EEA Financial Mechanism 2014-2021:

(a) Protocol 38c to the EEA Agreement on the EEA Financial Mechanism 2014-2021;

(b) the Regulation on the implementation of the EEA Financial Mechanism 2014-2021 (hereinafter referred to as the "Regulation") issued by the Donor States in accordance with Article 10(5) of Protocol 38c;

(c) the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2014-2021 (hereinafter referred to as the "MoU"), entered into between the Donor States and the Beneficiary State; and

(d) any guidelines adopted by the FMC in accordance with the Regulation.

2. In case of an inconsistency between this programme agreement and the Regulation, the Regulation shall prevail.

3. The legal framework is binding for the Parties. An act or omission by a Party to this programme agreement that is incompatible with the legal framework constitutes a breach of this programme agreement by that Party.

Article 1.3
Definitions

Terms used and institutions and documents referred to in this programme agreement shall be understood in accordance with the Regulation, in particular Article 1.6 thereof, and the legal framework referred to in Article 1.2 of this programme agreement.

Article 1.4
Annexes and hierarchy of documents

1. Annexes attached hereto form an integral part of this programme agreement. Any reference to this programme agreement includes a reference to its annexes unless otherwise stated or clear from the context.

2. The provisions of the annexes shall be interpreted in a manner consistent with this programme agreement. Should the meaning of any provision of the said annexes, so interpreted, remain inconsistent with this programme agreement, the provisions of the annexes shall prevail, provided that these provisions are compatible with the Regulation.

3. Commitments, statements and guarantees, explicit as well as implicit, made in the preparation of the programme are binding for the National Focal Point and the Programme Operator unless otherwise explicitly stipulated in the annexes to this programme agreement.

Chapter 2
The Programme

Article 2.1
Co-operation

1. The Parties shall take all appropriate and necessary measures to ensure fulfilment of the obligations and objectives arising out of this programme agreement.

2. The Parties agree to provide all information necessary for the good functioning of this programme agreement and to apply the principles of implementation as set out in the Regulation.

3. The Parties shall promptly inform each other of any circumstances that interfere or threaten to interfere with the successful implementation of the Programme.

4. In executing this programme agreement the Parties declare to counteract corrupt practices. Further, they declare not to accept, either directly or indirectly, any kind of offer, gift, payments or benefits which would or could be construed as illegal or corrupt practice. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to this programme agreement.

Article 2.2
Main responsibilities of the Parties

1. The National Focal Point is responsible and accountable for the overall management of the EEA Financial Mechanism 2014-2021 in the Beneficiary State and for the full and correct implementation of

this programme agreement. In particular, the National Focal Point undertakes to:

(a) comply with its obligations stipulated in the Regulation and this programme agreement;

(b) ensure that the Certifying Authority, the Audit Authority, the Irregularities Authority and the Programme Operator properly perform the tasks assigned to them in the Regulation, this programme agreement and the programme implementation agreement;

(c) take all necessary steps to ensure that the Programme Operator is fully committed and able to implement and manage the Programme;

(d) take the necessary measures to remedy irregularities in the implementation of the Programme and ensure that the Programme Operator takes appropriate measures to remedy irregularities in Projects within the Programme, including measures to recover misspent funds;

(e) make all the necessary and appropriate arrangements in order to strengthen or change the way the Programme is managed.

2. The FMC shall, subject to the rules stipulated in the legal framework referred to in Article 1.2 of this programme agreement, make available to the Beneficiary State a financial contribution (hereinafter referred to as "the programme grant") to be used exclusively to finance the eligible cost of the Programme.

Article 2.3
Objective and outcomes of the Programme

1. This programme agreement sets out the objective, outcome(s), outputs, indicators and targets for the Programme.

2. The National Focal Point shall ensure that the Programme Operator implements and completes the Programme in accordance with the objective, outcome(s), outputs, indicators and targets set for the Programme.

Article 2.4
Programme grant

1. The maximum amount of the programme grant, the programme grant rate, and the estimated eligible cost of the Programme shall be as specified in this programme agreement.

2. In case the Programme is also supported by the Norwegian Financial Mechanism, this programme agreement shall be interpreted in conjunction with the agreement regulating that support.

3. The financial plan annexed to this programme agreement shall:

(a) contain a breakdown between the Programme's budget headings;

(b) indicate the agreed advance payment, if any.

4. The management cost of the Programme Operator shall not exceed the amount specified in this programme agreement.

Article 2.5
Special conditions and programme specific rules

1. This programme agreement shall list any conditions set by the FMC with reference to paragraph 2 of Article 6.3 of the Regulation. The National Focal Point shall ensure compliance with these conditions and take the necessary steps to ensure their fulfilment.

2. The National Focal Point shall ensure compliance with any other programme specific rules laid down in this programme agreement.

Article 2.6
Programme implementation agreement

With reference to Article 6.8 of the Regulation and without prejudice to paragraph 2 thereof, the National Focal Point shall, before any payment is made to the Programme, sign a programme implementation agreement with the Programme Operator. The National Focal Point shall notify the FMC of such signing.

Article 2.7
Reporting

The National Focal Point shall ensure that the Programme Operator provides financial reports, annual programme reports and a final programme report in accordance with Chapter 9 and Articles 6.11 and 6.12 of the Regulation as well as statistical reporting in accordance with guidelines adopted by the FMC.

Article 2.8
External monitoring

The external monitoring and audit referred to in Articles 11.1, 11.2, 11.3 and 11.4 of the Regulation shall not in any way relieve the National Focal Point or the Programme Operator of their obligations under the legal framework regarding monitoring of the Programme and/or its projects, financial control and audit.

Article 2.9
Modification of the Programme

1. Unless otherwise explicitly stipulated in this programme agreement, any modification of the Programme is subject to prior approval by the FMC.

2. Programme specific exceptions from paragraph 1, if any, are set in the annexes to this programme agreement.

3. Expenditures incurred in breach of this article are not eligible.

4. Should there be a doubt as to whether the proposed modifications require approval by the FMC, the National Focal Point shall consult the FMC before such modifications take effect.

5. Requests for modifications shall be submitted and assessed in accordance with Article 6.9 of the Regulation.

Article 2.10
Communication

1. All communication to the FMC regarding this programme agreement shall take place in English and be directed to the Financial Mechanism Office (hereinafter referred to as the FMO), which represents the FMC towards the National Focal Point and the Programme Operator in relation to the implementation of the Programme.

2. To the extent that original documents are not available in the English language, the documents shall be accompanied by full and accurate translations into English. The National Focal Point shall bear the responsibility for the accuracy of the translation that it provides and the possible consequences that might arise from any inaccurate translations.

Article 2.11
Contact information

1. The contact information of the Programme Operator is as specified in this programme agreement.

2. The contact information for the FMC and the Financial Mechanism Office are:

Financial Mechanism Office
Att: Director
EFTA Secretariat
Rue Joseph II, 12-16
1000 Brussels
Telephone: +32 (0)2 286 1701
Telefax (general): +32 (0)2 211 1889
E-mail: fmo@efta.int

3. Changes of or corrections to the contact information referred to in this article shall be given in writing without undue delay by the Parties to this programme agreement.

Article 2.12
Representations and Warranties

1. This programme agreement and the awarding of the programme grant is based on information provided by, through, or on behalf of the National Focal Point to the FMC prior to the signing of this programme agreement.

2. The National Focal Point represents and warrants that the information provided by, through, or on behalf of the National Focal Point, in connection with the implementation or conclusion of this programme agreement are authentic, accurate and complete.

Chapter 3
Projects

Article 3.1
Selection of projects and award of grants

1. The National Focal Point shall ensure that the Programme Operator selects projects in accordance with Chapter 7 of the Regulation and this programme agreement.

2. Eligibility of project promoters and project partners is stipulated in Article 7.2 of the Regulation and, in accordance with paragraph 4 thereof, subject only to the limitations stipulated in this programme agreement.

3. Pre-defined projects shall be outlined in this programme agreement.

4. The National Focal Point shall take proactive steps to ensure that the Programme Operator complies fully with Article 7.5 of the Regulation.

Article 3.2
Project contract

1. For each approved project a project contract shall be concluded between the Programme Operator and the Project Promoter.

2. In cases where a project contract cannot, due to provisions in the national legislation, be made between the Programme Operator and the Project Promoter, the Beneficiary State may instead issue a legislative or administrative act of similar effect and content.

3. The content and form or the project contract shall comply with Article 7.6 of the Regulation.

4. The National Focal Point shall ensure that the obligations of the Project Promoter under the project

contract are valid and enforceable under the applicable law of the Beneficiary State.

Article 3.3
Project partners and partnership agreements

1. A project may be implemented in a partnership between the Project Promoter and project partners as defined in paragraph 1(w) of Article 1.6 of the Regulation. If a project is implemented in such a partnership, the Project Promoter shall sign a partnership agreement with the project partners with the content and in the form stipulated in Article 7.7 of the Regulation.

2. The partnership agreement shall be in English if one of the parties to the agreement is an entity from the Donor States.

3. The eligibility of expenditures incurred by a project partner is subject to the same limitations as would apply if the expenditures were incurred by the Project Promoter.

4. The creation and implementation of the relationship between the Project Promoter and the project partner shall comply with the applicable national and European Union law on public procurement as well as Article 8.15 of the Regulation.

5. The National Focal Point shall ensure that the Programme Operator verifies that the partnership agreement complies with this article. A draft partnership agreement or letter of intent shall be submitted to the Programme Operator before the signing of the project contract.

Chapter 4
Finance

Article 4.1
Eligible expenditures

1. Subject to Article 8.7 of the Regulation, eligible expenditures of this Programme are:

(a) management costs of the Programme Operator in accordance with the detailed budget in the financial plan;

(b) payments to projects within this Programme in accordance with the Regulation, this programme agreement and the project contract.

2. Eligible expenditures of projects are those actually incurred by the Project Promoter or project partners, meet the criteria set in Article 8.2 of the Regulation and fall within the categories and fulfil the conditions of direct eligible expenditure set in Article 8.3 of the Regulation, the conditions regarding the use of standard scales of unit costs set in Article 8.4 of the Regulation as well as indirect costs in accordance with Article 8.5 of the Regulation.

4. The first date of eligibility of expenditures in projects shall be set in the project contract in accordance with Article 8.13 of the Regulation. The first date of eligibility of any pre-defined projects shall be no earlier than the date on which the National Focal Point notifies the FMC of a positive appraisal of the pre-defined projects by the Programme Operator in accordance with paragraph 3 of Article 6.5 of the Regulation.

5. The maximum eligible costs of the categories referred to in paragraph 1 are set in this programme agreement. Programme specific rules on the eligibility of expenditure set in this programme agreement shall be complied with.

Article 4.2
Proof of expenditure

Costs incurred by Programme Operators, Project Promoters and project partners shall be supported by documentary evidence as required in Article 8.12 of the Regulation.

Article 4.3
Payments

1. Payments to the Programme shall be made when all relevant conditions for payments stipulated in this programme agreement and the Regulation have been fulfilled.

2. Payments to the Programme shall take the form of an advance payment, interim payments and payment of the final balance and shall be made in accordance with Articles 9.2, 9.3 and 9.4 of the Regulation.

3. Payments of the project grant to the Project Promoters may take the form of advance payments, interim payments and payments of the final balance. The level of advance payments and their off-set mechanism is set in this programme agreement.

4. The National Focal Point shall ensure that payments are transferred in accordance with paragraph 2 of Article 9.1 of the Regulation.

5. Chapter 9 of the Regulation shall apply to all aspects related to payments, including currency exchange rules and handling of interests on bank accounts.

Article 4.4
Transparency and availability of documents

The National Focal Point shall ensure an audit trail for financial contributions from the EEA Financial

Mechanism 2014-2021 to the Programme in accordance with Article 9.8 of the Regulation.

Article 4.5
Irregularities, suspension and reimbursements

The FMC has the right to make use of the remedies provided in the Regulation, in particular Chapter 13 thereof. The National Focal Point has a duty to take all necessary measures to ensure that the provisions in Chapter 12 and 13 of the Regulation regarding irregularities, suspension of payments, financial corrections and reimbursement are complied with.

Chapter 5
Final provisions

Article 5.1
Dispute settlement

1. The Parties waive their rights to bring any dispute related to the programme agreement before any national or international court, and agree to settle such a dispute in an amicable manner.

2. If a demand for reimbursement to the FMC is not complied with by the Beneficiary State, or a dispute related to a demand for reimbursement arises that cannot be solved in accordance with paragraph 1, the Parties may bring the dispute before Oslo Tingrett.

Article 5.2
Termination

1. The FMC may, after consultation with the National Focal Point, terminate this programme agreement if:

(a) a general suspension decision according to Article 13.6 of the Regulation or a decision to suspend payments according to paragraph 1(h) of Article 13.1 of the Regulation has not been lifted within 6 months of such a decision;

(b) a suspension of payments according to Article 13.1 of the Regulation, other than under paragraph 1(h), has not been lifted within one year of such a decision;

(c) a request for reimbursement according to Article 13.2 of the Regulation has not been complied with within one year from such a decision;

(d) the Programme Operator becomes bankrupt, is deemed to be insolvent, or declares that it does not have the financial capacity to continue with the implementation of the Programme; or

(e) the Programme Operator has, in the opinion of the FMC, been engaged in corruption, fraud or similar activities or has not taken the appropriate measures to detect or prevent such activities or, if they have occurred, nullify their effects.

2. This programme agreement can be terminated by mutual agreement between the Parties.

3. Termination does not affect the right of the Parties to make use of the dispute settlement mechanism referred to in Article 5.1 or the right of the FMC to make use of the remedies provided in Chapter 13 of the Regulation.

Article 5.3
Waiver of responsibility

1. Any appraisal of the Programme undertaken before or after its approval by the FMC, does not in any way diminish the responsibility of the National Focal Point and the Programme Operator to verify and confirm the correctness of the documents and information forming the basis of the programme agreement.

2. Nothing contained in the programme agreement shall be construed as imposing upon the FMC or the FMO any responsibility of any kind for the supervision, execution, completion, or operation of the Programme or its projects.

3. The FMC does not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused by the Programme or its projects including, but not limited to inconsistencies in the planning of the Programme or its projects, other project(s) that might affect it or that it might affect, or public discontent. It is the full and sole responsibility of the National Focal Point and the Programme Operator to satisfactorily address such issues.

4. Neither the National Focal Point, the Programme Operator, entities involved in the implementation of projects, nor any other party shall have recourse to the FMC for further financial support or assistance to the Programme in whatsoever form over and above what has been provided for in the programme agreement.

5. Neither the European Free Trade Association, its Secretariat, including the FMO, its officials or employees, nor the FMC, its members or alternate members, nor the EFTA States, can be held liable for any damages or injuries of whatever nature sustained by the National Focal Point or the Beneficiary State, the Programme Operator, Project Promoters or any other third person, in connection, be it direct or indirect, with this programme agreement.

6. Nothing in this programme agreement shall be construed as a waiver of diplomatic immunities and privileges awarded to the European Free Trade Association, its assets, officials or employees.

1. This programme agreement shall enter into force on the date of the last signature of the Parties.

2. This programme agreement shall remain in force until five years have elapsed after the date of the acceptance of the final programme report.

Article 5.4
Entry into force and duration

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This programme agreement is drawn up in two originals in the English language.

For the Donors

Signed in Oslo on 04/03/2020

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Niels Engelschiøn
FMC Chairman/Director NMFA

For the National Focal Point

Signed in Riga on 21/05/2020

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Armands Eberhards
Head of the NFP

Annex I to the Programme Agreement

Programme Operators and Partners	
Programme Operator:	Ministry of Smart Administration and Regional Development – Latvia
Donor Programme Partner:	Norwegian Association of Local and Regional Authorities (KS)
IPO:	-
Other Programme Partner(s):	Arts and Culture Norway (ACN) The Ministry of Culture of the Republic of Latvia

Programme Objective	Strengthened social and economic cohesion

PA	Outcome/Output	Expected programme results	Indicator	Disaggregation	Unit of measurement	Source of verification	Frequency of reporting	Baseline values	Baseline year	Target value
PA10	Outcome 1	Strengthened economic development at local and regional level	Number of supported businesses with increased operational capacity[1]	N/A	Cumulative number	Survey results	Annually (APR)	0	N/A	200
			Number of new products/services developed	N/A	Cumulative number	Project Promoters' records	Annually (APR)	0	N/A	40
			Number of jobs created	Gender, Age	Cumulative number	Payroll records, employment agreements	2023, 2024	0	N/A	40
			Number of entrepreneurship centres of the planning regions with strengthened capacity to support entrepreneurship[2]	N/A	Cumulative number	Project Promoters' records	2023, 2024	0	N/A	5

[1] Operational capacity - shows whether directly supported SMEs can increase (scale-up) their ability for higher results (as introduction of new products or services, improved process of production or delivering products or services, etc.) in their businesses. The indicator will be measured by pre-defined project promoters (planning regions) a year after certain activity (measure) is implemented. Pre-defined Project Promoters will conduct a survey of all SMEs which have participated in project activities to find out if SMEs have introduced new products or services, or SMEs have improved process of production or delivering products or services etc.

[2] Entrepreneurship centres which are established as structural units in each of the five planning regions.

			Share of entrepreneurs satisfied with the services and support provided by local governments	N/A	Percentage	Survey results	Annually (APR)	38 %	2022	48 %
	Output 1.1	Capacity development of local and regional-level development agents supported	Number of professional staff trained (in entrepreneurship promotion and inter-municipal cooperation)[3]	Gender	Cumulative number	Project Promoters' records, attendance sheets	Semi-annually (APR and September IFR)	0	N/A	100
			Share of Latvian municipalities participating in capacity development initiatives aimed at strengthening entrepreneurship[4]	N/A	Percentage	Project Promoters' records, attendance sheets	Annually (APR)	0 %	N/A	50 %
	Output 1.2	Business development in the regions supported, including the Latgale region	Number of individuals supported for local business development[5]	Gender, Age	Cumulative number	Copies of contracts concluded with Project Promoters	Annually (APR)	0	N/A	50
			Number of new region-specific solutions to increase regional competitiveness and employment implemented	N/A	Cumulative number	Project Promoters' records	Annually (APR)	0	N/A	5
PA14	Outcome 2	Access to professional contemporary arts and culture improved in all regions	Number of people attending supported cultural events	N/A	Cumulative number	Project Promoters' records, attendance sheets	Annually (APR)	0	N/A	1,500
	Output 2.1	Audience development	Number of projects addressing audience development implemented	N/A	Cumulative number	Project Promoters' records	Annually (APR)	0	N/A	15

[3] Disaggregations are only recorded for reporting purposes, not for setting targets.
[4] Refers to capacity development funded by this Programme.
[5] Refers to non-financial support, e.g., access to training or entrepreneurial space, participation in study trips.

		supported in all regions	in bilateral cooperation (bilateral)							
			Number of innovative audience development methods and techniques tested	N/A	Cumulative number	Project Promoters' records	Annually (APR)	0	N/A	5
			Number of professional staff trained in audience development	Gender	Cumulative number	Project Promoters' records, attendance sheets	Semi-annually (APR and September IFR)	0	N/A	75
	Output 2.2	Support for professional and contemporary arts provided in all regions	Number of cultural products created engaging the target group[6]	N/A	Cumulative number	Project Promoters' records	Annually (APR)	0	N/A	15
			Number of representatives of the target group participating in the creation of cultural product	N/A	Cumulative number	Project Promoters' records, attendance sheets	Annually (APR)	0	N/A	30
			Number of bilateral co-productions carried out (bilateral)	N/A	Cumulative number	Project Promoters' records	Annually (APR)	0	N/A	15
PA16	Outcome 3	Integrity and accountability of public administration at local level improved	Share of users satisfied with the municipal construction authorities' services[7]	N/A	Percentage	Survey results	2022 and then annually	34 %	2022	39 %
			Share of users satisfied with the municipal business support service[8]	N/A	Percentage	Survey results	2022 and then annually	37 %	2022	42 %
			Share of users satisfied with the municipal police services[9]	N/A	Percentage	Survey results	2022 and then annually	42 %	2022	47 %

[6] Goods and services that include the arts (performing arts, visual arts, architecture, music). Within the Programme, film broadcasting and TV productions are not foreseen. Pupils and students of general and vocational educational institutions in Latvia (indicative age groups approx. 6 – 18 years old).
[7] Indicator to be reviewed within 1 year from the start of the project in order to determine whether the service is included.
[8] Indicator to be reviewed within 1 year from the start of the project in order to determine whether the service is included.
[9] Indicator to be reviewed within 1 year from the start of the project in order to determine whether the service is included.

			Level of satisfaction (by asylum seekers and local residents) with the quality of integration services provided through the Programme	N/A	Scale 1-5	Survey results	2023, 2024	1.44	2022	4[10]
			Number of national laws and policies influenced	N/A	Cumulative number	Formal responses, acknowledgement of input to consultations, informal feedback, survey responses	Annually (APR)	0	N/A	2
	Output 3.1	Measures to improve integrity of public administration at local level implemented	Number of good governance guidelines and tools for local governments elaborated	N/A	Cumulative number	Copies of guideline documents	Annually (APR)	0	N/A	2
			Number of inter-municipal pilot activities implemented within the framework of local government networks	N/A	Cumulative number	Project Promoters' records	Annually (APR)	0	N/A	5
			Number of professional staff trained	Gender	Cumulative number	Project Promoters' records, attendance sheets	Semi-annually (APR and September IFR)	0	N/A	200
			Research study on efficiency and effectiveness of inter-municipal cooperation published	N/A	Binary	Copy of the research document	Annually (APR)	No	N/A	Yes
			Recommendations on further development of inter-municipal cooperation in Latvia developed	N/A	Binary	Copies of recommendations	Annually (APR)	No	N/A	Yes
	Output 3.2	Integration of asylum	Number of sports and cultural events carried out	N/A	Cumulative number	Project Promoters'	Semi-annually	0	N/A	10

[10] Target is minimum 4, and an increase on the baseline value.

		seekers supported	aimed at facilitating asylum seekers' successful integration			records, attendance sheets	(APR and September IFR)			
			Sports and leisure infrastructure in Mucenieki (Ropaži Municipality) upgraded	N/A	Binary	Construction acceptance document	2023, 2024	No	N/A	Yes
PA10	Bilateral Outcome	Enhanced collaboration between beneficiary and donor state entities involved in the programme	Level of trust between cooperating entities in Beneficiary States and Donor States	N/A	Scale 1-7	Survey results	Annually (APR)	6.71[11]	2023[12]	4.5[13]
			Level of satisfaction with the partnership	N/A	Scale 1-7	Survey results	Annually (APR)	6.79[14]	2023[15]	4.5[16]
			Share of cooperating organisations who apply the knowledge acquired from bilateral partnership	N/A	Percentage	Survey results	Annually (APR)	N/A	N/A	65 %
	Bilateral Output 1	Partnerships between beneficiary state and donor state institutions supported	Number of study trips co-organised by donor state and beneficiary state entities	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	12
			Number of projects involving cooperation with a donor project partner	N/A	Cumulative number	Copies of contracts concluded with Project Promoters, Partnership agreements between Project Promoters and project partners	Semi-annually (APR and September IFR)	0	N/A	21

[11] Based on the survey carried out on behalf of the FMO
[12] Survey carried out on behalf of the FMO
[13] Target is ≥4.5, and an increase on the baseline value
[14] Based on the survey carried out on behalf of the FMO
[15] Survey carried out on behalf of the FMO
[16] Target is ≥4.5, and an increase on the baseline value

Conditions

General

1. The maximum Programme grant set aside for the Programme Area 'Cultural Entrepreneurship, Cultural Heritage and Cultural Cooperation' shall not exceed € 3,000,000. Infrastructure (hard measures) shall not be eligible for support under this Programme Area.

2. The National Focal Point shall ensure that the Programme Operator ensures that a Project Promoter:

- Keeps any buildings purchased, constructed, renovated or reconstructed under the project in their ownership for a period of at least 5 years following the completion of the project and continues to use such buildings for the benefit of the overall objectives of the project for the same period;
- Keeps any buildings purchased, constructed, renovated or reconstructed under the project properly insured against losses such as fire, theft and other normally insurable incidents both during project implementation and for at least 5 years following the completion of the project; and
- Sets aside appropriate resources for the maintenance of any buildings purchased, constructed, renovated or reconstructed under the project for at least 5 years following the completion of the project. The specific means for implementation of this obligation shall be specified in the project contract.

3. For Outcome 1 indicator "Share of entrepreneurs satisfied with the services and support provided by local governments", where the baseline value is "to be determined" (TBD), the Programme Operator shall submit to the FMO the baseline value, together with a description of the data collection methods used, no later than 6 months after the finalisation of the contracting of the relevant projects. The updated baseline value shall be agreed upon through a modification of the Programme Agreement.

4. For the following Outcome 3 indicators where the baseline value is "To be determined" (TBD), the Programme Operator shall submit to the FMO the baseline value, together with a description of the data collection method used, no later than 6 months after the finalisation of the contracting of the relevant projects. The updated baseline value shall be agreed upon through a modification of the Programme Agreement:

- "Share of users satisfied with the municipal construction authorities' services"
- "Share of users satisfied with the municipal business support service"
- "Share of users satisfied with the municipal police services"
- "Level of satisfaction (by asylum seekers and local residents) with the quality of integration services provided through the Programme"

Pre-eligibility

Not applicable

Pre-payment

Not applicable

Pre-completion

Not applicable

Post-completion

Not applicable

Eligibility of costs - period	**First date**	**Final date**

Eligibility of costs	15/12/2017	30/04/2025
Grant rate and co-financing		
Programme eligible expenditure (€)		€ 11,047,186
Programme grant rate (%)		85.00 %
Maximum amount of Programme grant - EEA Financial Mechanism (€)		€ 9,390,108
Maximum amount of Programme grant - Norwegian Financial Mechanism (€)		-
Maximum amount of Programme grant - Total (€)		€ 9,390,108

PA	Budget Heading	EEA Grants	Total grant	Programme grant rate	Programme co-financing	Programme eligible expenditure	Advance payment
PA10	Programme management	€ 955,000	€ 955,000	85.00 %	€ 168,529	€ 1,123,529	n/a
PA10	Outcome 1 (EEA Grants)	€ 4,189,233	€ 4,189,233	85.00 %	€ 739,276	€ 4,928,510	n/a
PA14	Outcome 2 (EEA Grants)	€ 2,600,923	€ 2,600,923	85.00 %	€ 458,986	€ 3,059,909	n/a
PA16	Outcome 3 (EEA Grants)	€ 1,644,952	€ 1,644,952	85.00 %	€ 290,286	€ 1,935,238	n/a
Total		**€ 9,390,108**	**€ 9,390,108**	**85.00 %**	**€ 1,657,078**	**€ 11,047,186**	**€ 0**

Retention of management costs	
Retention of management costs - Percentage of the management costs	10.00 %
Retention of management costs - Planned Euro value	€ 112,353

Local Development, Poverty Reduction and Cultural Cooperation

Operational rules (Annex II)

1. **Programme summary**

This Annex sets out the operational rules for the Programme. The Programme Agreement is based on the MoU, the Concept Note, and comments made by the FMC. Commitments, statements and guarantees, explicit as well as implicit, made in the Concept Note, are binding for the National Focal Point and the Programme Operator unless otherwise explicitly stipulated in the Annexes to this Programme Agreement.

The Programme Operator is the Ministry of Smart Administration and Regional Development (MSARD). The Ministry of Culture (MC) of the Republic of Latvia is the Programme Partner. The Norwegian Association of Local and Regional Authorities (KS) is the Donor Programme Partner (DPP). Arts and Culture Norway shall be involved in the implementation of the Programme through facilitation and support for bilateral partnerships related to the Programme Area 'Cultural Entrepreneurship, Cultural Heritage and Cultural Cooperation' under Outcome 2.

Certain tasks of the Programme Operator related to the implementation of Outcome 2 shall be delegated to the Ministry of Culture of the Republic of Latvia, however this does not in any way reduce or restrict the responsibility of the Programme Operator.

The host Programme Area is 'Local Development and Poverty Reduction' (PA10). The Programme will also provide grants within 'Cultural Entrepreneurship, Cultural Heritage and Cultural Cooperation' (PA14) and 'Good Governance, Accountable Institutions, Transparency' (PA16).

The Programme objective **'Strengthened social and economic cohesion'** will be attained through three outcomes. The Programme shall support:

- "***Strengthened economic development at local and regional level***" (Outcome 1) by way of **five pre-defined projects (**PDPs): 'Entrepreneurship support measures in the Latgale Planning Region' (PDP 1), 'Entrepreneurship support measures in the Vidzeme Planning Region' (PDP 2), 'Entrepreneurship support measures in the Zemgale Planning Region' (PDP 3), 'Entrepreneurship support measures in the Kurzeme Planning Region'(PDP 4) and 'Entrepreneurship support measures in the Riga Planning Region'(PDP 5) and **one small grants scheme** (SGS) (three calls) for micro and small enterprises, including self-employed persons, to implement new ideas to develop local entrepreneurship and create jobs in the Latgale region.
- "***Access to professional contemporary arts and culture improved in all regions***" (Outcome 2) by way of **two open calls,** each consisting of two components – co-creation of professional contemporary arts and culture projects and audience development.
- "***Integrity and accountability of public administration at local level improved***" (Outcome 3) by way of **two PDPs**: 'Facilitation of inter-municipal cooperation and enhancement of good governance principles in Latvian local governments' (PDP 6) and 'Integration Related Measures in Mucenieki' (PDP 7).

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2. Eligibility

2.1 Eligible applicants:

The rules on eligibility of applicants and project partners are set in Article 7.2 of the Regulation. In accordance with Article 7.2.4, the following entities shall be eligible:

Outcome	Modality	Eligible applicants	Eligible partners
Outcome 1	SGS	• Micro enterprises – according to the definition in the "Microenterprise tax law", employing no more than 5 employees and the turnover does not exceed € 40 000 per calendar year; • Small enterprises – employing no more than 20 employees and the turnover does not exceed € 1,000,000 per calendar year; • Self-employed persons – individuals registered in State Revenue Service as the performers of economic activities and according to the definition in the law "On state Social Insurance" section 1 paragraph 3; and • Enterprises – employing no more than 50 employees and the turnover does not exceed € 5,000,000 per calendar year (applicable for SGS call 3 only).	In accordance with Article 7.2.2 of the Regulation.
Outcome 2 **	Call 1 Call 2	Any public or private entity, commercial or non-commercial and non-governmental organisations established as a legal person in Latvia and whose principal activity is in the cultural and creative sectors as defined in Regulation (EU) No 1295/2013 on the Creative Europe Programme, as well as municipalities.*	Any public or private entity, commercial or non-commercial and non-governmental organisations established as a legal person in one of the Donor States and whose principal activity is in the cultural and creative sectors as defined in Regulation (EU) No 1295/2013 on the Creative Europe Programme, as well as natural persons residing legally in Liechtenstein.

* If the applicant is a municipality, a partnership with a cultural organisation operating in the field of professional contemporary arts and culture is mandatory.

**Partnership with at least one Donor State entity is compulsory in projects under Outcome 2.

2.2 Special rules on eligibility of costs:
Costs are eligible in accordance with Chapter 8 of the Regulation.

In accordance with Article 8.5.4 of the Regulation, indirect costs shall be identified in accordance with paragraph 1(c) of Article 8.5 of the Regulation.

3. Bilateral relations

3.1 Bilateral relations

The Programme shall contribute to strengthening bilateral relations between Latvia and the Donor States.

The Programme shall as appropriate facilitate Donor partnership projects by carrying out, inter alia, match-making events and activities in conjunction with launching calls for proposals, as well as by encouraging Donor partnership projects in call texts. The Arts and Culture Norway will facilitate partnerships related to the Programme Area 'Cultural Entrepreneurship, Cultural Heritage and Cultural Cooperation' under Outcome 2.

The further use of the funds for bilateral relations allocated to the Programme shall be agreed in the Cooperation Committee.

4. Selection of projects and financial parameters

4.1 Open calls and availability of funds (including number of calls, duration of calls, and estimated size):

Outcome	**Modality**	**Total amount available**	**Maximum/Minimum amount applied for**	**Indicative timing**
Outcome 1	SGS Call 1 SGS Call 2 SGS Call 3	€ 376,099	€ 10,000/5,000 € 10,000/5,000 € 20,000/5,000	2Q 2021 2Q 2022 3Q 2022
Outcome 2	Call 1	€ 1,832,060	€ 250,000/100,000	2Q 2021
Outcome 2	Call 2	€ 1,227,849	€ 250,000/100,000	1Q 2022

4.2 Selection procedures:

The project evaluation and award of grants shall be in accordance with Article 7.4 of the Regulation. The Programme Operator shall be responsible for the project evaluation, selection and award of grants.

The small grants scheme operator (SGS operator) Latgale planning region shall be responsible for the selection process for the small grants scheme under Outcome 1. The Programme Partner Ministry of Culture of the Republic of Latvia shall be responsible for the selection process for Call 1 and Call 2 under Outcome 2.

Small grants scheme:

The SGS operator shall review the applications for compliance with administrative and eligibility criteria. Applicants whose applications are rejected at this stage shall be informed and given a reasonable time to appeal that decision.

Applications that meet the administrative and eligibility criteria shall be reviewed by at least two independent experts. The experts shall separately score the projects according to the selection criteria published with the call for proposals. The average of the scores awarded by the experts shall be used to rank the projects. If the difference between the scores given by the two experts is more than 30% of the higher score, a third expert shall score the project independently. In such cases, the average score of the two closest scores shall be used for the ranking of the projects.

The SGS operator shall establish a Selection Committee consisting of a representative from the SGS operator (Chair), the Donor Programme Partner and representatives possessing the relevant sector expertise and experience. Representatives from the Programme Operator, the National Focal Point and the FMC shall be invited to the Selection Committee meeting as observers.

The SGS operator shall provide the Selection Committee with a list of the ranked projects. The Selection Committee shall review the ranked lists of projects. The decisions of the Selection Committee shall be taken by consensus of all voting members. The Selection Committee may modify the ranking of the projects in justified cases, based on transparent criteria. Detailed justifications for the modified ranking shall be included in the minutes of the meeting.

The Selection Committee shall prepare a list of projects recommended for support or to be approved with conditions. The SGS operator, based on the recommendation of the Selection Committee, decides which projects shall be supported.

Calls:

The Programme Partner shall review the applications for compliance with administrative and eligibility criteria. Applicants whose applications are rejected at this stage shall be informed and given a reasonable time to appeal that decision.

Applications that meet the administrative and eligibility criteria shall be reviewed by at least two independent experts. The experts shall separately score the proposals according to the selection criteria published with the call for proposals. The average of the scores awarded by the experts shall be used to rank the projects. If the difference between the scores given by the two experts is more than 30% of the higher score, a third expert shall score the projects independently. In such cases, the average score of the two closest scores shall be used for the ranking.

The Programme Partner shall establish a Selection Committee. The Selection Committee will be chaired by the Programme Partner and shall consist of at least three voting members with relevant sector expertise and experience. Representatives from the Programme Operator, the National Focal Point and the FMC shall be invited to the Selection Committee meetings as observers. The Arts and Culture Norway shall be invited to participate in the meetings of the Selection Committee in an advisory capacity.

The Programme Partner shall provide the Selection Committee with a list of the ranked projects. The Selection Committee shall review the ranked lists of projects. The decisions of the Selection Committee shall be taken by consensus of all voting members. The Selection Committee may modify the ranking of the projects in justified cases, based on transparent criteria. Detailed justifications for the modified ranking shall be included in the minutes of the meeting.

The Selection Committee shall prepare a list of projects recommended for support or to be approved with conditions. The Programme Partner, based on the recommendation of the Selection Committee, decides which projects shall be supported.

4.3 Project grant rate:

Grants from the Programme may be up to 100% of the total eligible expenditure of the project. Where the Project Promoter is an NGO or a social partner, as defined in Article 1.6 of the Regulation, the project grant rate may also be up to 100% of eligible expenditure of the project. The grant rates for the pre-defined projects are set in section 5.1. The project grant rate shall in all cases be set at a level that complies with the State Aid rules in force and take into account any and all other forms of public support granted to projects. Funds for any remaining costs of the project shall be provided or obtained by the Project Promoter.

5. Additional mechanisms within the Programme

5.1 Pre-defined projects

1) "Entrepreneurship support measures in the Latgale Planning Region"

Project Promoter:	Latgale Planning Region
Donor project partner(s):	Agder County
Other project partner(s):	Ministry of Smart Administration and Regional Development – Latvia
Total maximum eligible costs:	€ 1,379,498
Project grant rate:	100.00 %
Maximum project grant amount:	€ 1,379,498

The project will promote local development in the Latgale Planning Region (LPR), strengthening its competitiveness and the capacity of the local governments therein to foster business development and promote employment, business skills and youth entrepreneurship. The cooperation network of local governments in the area will be supported and experience exchanged on measures related to the prevention of poverty and social exclusion.

Strengthening the capacity of the entrepreneurship centre and local governments of the LPR. The aim is to activate local resources and local partnerships and improve the entrepreneurship support system in the Latgale region. Project activities shall include:

- Training of local government specialists in the promotion of entrepreneurship and inter-municipal cooperation;
- Seminars and discussions on topics concerning the cooperation of entrepreneurs with local governments, educational and scientific institutions and the Latgale Entrepreneurship Centre (LEC);
- Hiring of business specialists;
- Measures to strengthen LEC and its range of services;
- Capacity-building for local authorities to strengthen their entrepreneurship promotion;
- Strengthening the Latgale representation office in Riga - establishing a networking place for entrepreneurs in the Latgale region and potential investors;
- Analysis and assessment of previously financed social and economic measures and summary of best practice from the Latgale region;
- Proposal for the improvements of the development policy for the Latgale region.

Promoting the Latgale region as an attractive place for business and strengthening its business potential. Project activities shall include:

- Activities to promote the Latgale region, including the Latgale days in Riga;
- Development of promotional videos and a booklet for investors on the economic potential of the region;
- Participation in international investment forums;
- Study visits abroad for local authorities and entrepreneur associations (NGOs).

Regional mentoring of youth entrepreneurship. The aim is to promote business competitiveness and motivate young people to join the labour market and take the first steps in starting their own business. Project activities shall include:

- Support for the development of local businesses;
- Motivation activities for young people;
- Mentoring/ coaching activities, e.g. entrepreneur camps for young people.

Support to increase employment and competitiveness, implementing region-specific activities. The aim is to provide and organise different support activities to improve employment opportunities though business development. Project activities include:

- Organisation of seminars for existing and future entrepreneurs on business development and competitiveness;
- Development and testing of a pilot business training module at nine municipal schools in the region;
- Capacity-building to strengthen the operational capacity of enterprises in the region;
- Support for individuals to launch their businesses;
- Implementation of identified region-specific solutions to improve the competitiveness and employment of the region.

2) "Entrepreneurship support measures in the Vidzeme Planning Region"

Project Promoter:	Vidzeme Planning Region
Donor project partner(s):	Elverum municipality
Total maximum eligible costs:	€ 854,920
Project grant rate:	100.00 %
Maximum project grant amount:	€ 854,920

The project will develop an innovation ecosystem in the region to reduce disparities in the services levels between the capital and the Vidzeme Planning Region (VPR), strengthen competitiveness and foster business development and employment. Special emphasis will be placed on young people to counter depopulation and brain drain from the region. The cooperation network of local governments in the area will be supported and experience exchanged.

Strengthening the capacity of the entrepreneurship centre and local governments of the VPR. The aim is to stimulate local resources and quadripartite cooperation in the innovation ecosystem (entrepreneurs, science/universities, public government and civil society), to build the capacity of local authorities in the field of entrepreneurship promotion, to increase the development level of the region and facilitate business. Project activities shall include:

- Training of local government specialists in the promotion of entrepreneurship and inter-municipal cooperation;
- Measures to strengthen the Vidzeme Entrepreneurship Centre and its range of services;
- Capacity-building for local authorities to strengthen their entrepreneurship promotion;
- Establishment of co-creation areas for young people and other inhabitants in the region.

Promoting the Vidzeme Region, strengthening its development level and entrepreneurship. The aim is to promote and support the region's products and services in both local and export markets and to promote investment opportunities. Project activities shall include:

- Capacity-building for the region's enterprises;
- Development of a promotional campaign and materials for investors on the economic potential of the region;
- Trade missions abroad for entrepreneur associations (NGOs) promoting VPR enterprises and services based on the VPR smart specialisation strategy;
- Promotional tours of the region's manufacturers and services foreign sector-specific media;
- Promotional events; the Vidzeme inspiration stories.

Regional mentoring of youth entrepreneurship. The aim is to promote business competitiveness and motivate young people and graduates from vocational schools and higher educational institutions to live in VPR and start a business there. Project activities shall include:

- Support for the development of local businesses;

- Organisation of youth product development marathons.

Support to increase employment and competitiveness, implementing region-specific activities. The aim is to promote employment, to improve the competitiveness of the region, and to identify innovative solutions to support the region's development potential. Project activities shall include:

- Organisation of networking events for entrepreneurs, educational and scientific institutions to support business development and competitiveness;
- Capacity-building to strengthen the operational capacity of enterprises in the region;
- Support for individuals to launch/develop their businesses;
- Organisation of product development marathons for entrepreneurs in areas defined by the VPR;
- Implementation of identified region-specific solutions to improve the competitiveness and employment of the region.

3) "Entrepreneurship support measures in the Zemgale Planning Region"

Project Promoter:	Zemgale Planning Region
Donor project partner(s):	Innovation Circle network
Other project partner(s):	Jelgava City municipality Jekabpils City municipality
Total maximum eligible costs:	€ 927,743
Project grant rate:	96.36 %
Maximum project grant amount:	€ 893,973

The project will promote the economic activity of inhabitants and business development in the Zemgale Planning Region (ZPR), improve the business environment of local governments and inter-municipal cooperation and facilitate collaboration between the private sector, policy makers and entrepreneurship support institutions.

Strengthening the capacity of the entrepreneurship centre and local governments of the ZPR. The aim is to build the capacity of specialists at the region entrepreneurship centre and local governments to support entrepreneurs, to gain new experience and to introduce new approaches in their everyday work. Project activities shall include:

- Training of professionals and local government specialists in the promotion of entrepreneurship and inter-municipal cooperation;
- Capacity-building for local authorities to strengthen their entrepreneurship promotion;
- Measures to strengthen the Zemgale Entrepreneurship Centre and its range of services;
- Study visits abroad;
- Organisation and implementation of business situation games for the business specialists of the ZPR and local governments.

Promoting the ZPR, strengthening its development level and entrepreneurship. The aim is to strengthen the capacity and performance of companies in the region. Project activities shall include:

- Capacity-building for the region's enterprises;
- Training for entrepreneurs;
- Support days for local entrepreneurs;
- Participation in international investment forums;
- Trade missions abroad;
- Seminars for entrepreneurs on business related topics.

Regional mentoring of youth entrepreneurship. The aim is to promote business competitiveness and motivate young people to start their own business. Project activities shall include:

- Support for the development of local businesses;
- Training for young entrepreneurs;
- Equipment of the Youth Career Consultation and Motivation Centre of Jelgava city for the development of the ZPR;
- Business idea generation workshops for young people in schools;
- Business idea competitions for young people in region-specific sectors;
- Creation, equipping and maintenance of the co-creation area for young business talents.

Support to increase employment and competitiveness, implementing region-specific activities. The aim is to strengthen the capacity of existing companies and to reduce unemployment and promote business development in the region. Project activities shall include:

- Implementation of identified region-specific solutions to improve the competitiveness and employment of the region;
- Creation and equipment of the local manufacturer's market in Jekabpils City;
- Creation of video tours (e.g. a gastronomic tour, a tour of small castles and manors in the border area and on master craftsmen's skills) to promote tourism in Zemgale.

4) "Entrepreneurship support measures in the Kurzeme Planning Region"

Project Promoter:	Kurzeme Planning Region
Donor project partner(s):	Rogaland County
Other project partner(s):	Liepaja City municipality Ventspils City municipality
Total maximum eligible costs:	€ 877,223
Project grant rate:	93.47 %
Maximum project grant amount:	€ 819,915

The project will support young people to develop their skills and implement business ideas in region, promote the development of innovative business and strengthen the competitiveness of existing companies allowing them to build their business in new export markets.

Strengthening the capacity of the entrepreneurship centre, local governments and the specialists working for the Kurzeme Planning Region (KPR). The aim is to strengthen the capacity of entrepreneurship centres and specialists of the KPR and local governments. Project activities shall include:

- Training of professionals and local government specialists in the promotion of entrepreneurship and inter-municipal cooperation;
- Capacity-building for local authorities to strengthen their entrepreneurship promotion;
- Measures to strengthen the Kurzeme Entrepreneurship Centre and the Ventspils Entrepreneurship Support Centre and their range of services;
- Study visits abroad.

Promoting the KPR, strengthening its development level and entrepreneurship. The aim is to develop existing entrepreneurship and contacts in the region, attract new customers and develop export markets. Project activities shall include:

- Capacity-building for the region's enterprises;

- Organisation of business forums;
- Promotional tours for investors showcasing the region's advantages and possibilities for the development of manufacturing and ICT sector companies;
- Participation in thematic business exhibitions.

Regional mentoring of youth for entrepreneurship. The aim is to promote business competitiveness and innovation in the region and motivate and build the capacity of young people to start their own business. Project activities shall include:

- Support for the development of local businesses;
- Training for young entrepreneurs;
- Annual competitions to engage young people in business, supporting participation in self-growth activities;
- Annual business idea competitions for young people.

Region specific activities to increase employment and competitiveness. The aim is to increase the employment rate, develop new services, entrepreneurship and human resources in the region. Mentors and business development specialists will work closely with SMEs to boost their growth, operational capacity and create new well-paid jobs. Project activities shall include:

- Implementation of identified region-specific solutions to improve the competitiveness and employment of the region;
- Hackathons – practical idea-testing platforms, i.e., 48-h technology marathons;
- Support for people to re-qualify for work in STEM industries;
- Training courses for entrepreneurs on export possibilities and innovations/innovative business management methods;
- Capacity-building for SMEs through mentoring and expert consultations;
- Networking events for specialists in ICT sectors;
- Establishment of a regional training centre – Youth Business Competence and Career Consulting Centre - to provide the competences and skills needed for the labour market in the region;
- Consultation, mentoring and training for young people on business and career opportunities;
- Business idea generation workshops for young people in schools;
- Developing and implementing a Labour Market Dialogue programme;
- Capacity-building of enterprises using the Labour Market Dialogue programme;
- Support for new business ideas in Liepaja.

*The project grant rate is 93.810105%.

5) "Entrepreneurship support measures in the Riga Planning Region"

Project Promoter:	Riga Planning Region
Donor project partner(s):	Vestland County
Total maximum eligible costs:	€ 604,105
Project grant rate:	100.00 %
Maximum project grant amount:	€ 604,105

The project will increase the capacity and knowledge of the Riga Planning Region (RPR) and its local governments in entrepreneurship support activities and promotion of business and innovation. The region will be promoted to investors and young people supported to become entrepreneurs and get involved in business activities.

Strengthening the capacity of the entrepreneurship centre and local governments in the RPR. The aim is to strengthen the capacity of entrepreneurship centre and specialists of the RPR and local governments. The project activities shall include:

- Training of professionals and local government specialists in the promotion of entrepreneurship and inter-municipal cooperation;
- Capacity-building for local authorities to strengthen their entrepreneurship promotion;
- Measures to strengthen the Riga Entrepreneurship Centre and its range of services;
- Development of a training programme for the RPR and local governments' business specialists of on entrepreneurship and innovation promotion;
- Study visits abroad;
- Participation of RPR business specialists and local governments in cross-border partner forums to develop new cooperation projects in the field of entrepreneurship promotion.

Promoting the RPR, strengthening its development and entrepreneurship. The aim is to raise awareness of the region and promote it and its local authorities as an attractive place to invest and do business. Project activities shall include:

- Capacity-building for the region's enterprises;
- Development of a promotional materials and website for investors on the economic potential of the region and its local authorities;
- Participation in entrepreneur days in other regions.

Regional mentoring of youth for entrepreneurship. The aim is to support young talent to increase competitiveness and innovation in the region and motivate and build the capacity of young people to start their own business. Project activities shall include:

- Support for the development of local businesses;
- A mentoring programme for young people;
- Training/ exchange visits for youth mentoring programme experts/participants.

Region specific activities to increase employment and competitiveness. The aim is to improve the business environment in the region and introduce innovate solutions. Project activities shall include:

- Implementation of identified region-specific solutions to improve the competitiveness and employment of the region;
- Business idea competitions for potential entrepreneurs;
- Competitions for the local governments on the best local support measures for entrepreneurship promotion;
- Expert consultations for entrepreneurs in the region;
- Development and maintenance of an interactive informative entrepreneurship support platform.

6) "Facilitation of inter-municipal cooperation and enhancement of good governance principles in Latvian local governments"

Project Promoter:	Latvian Association of Local and Regional Governments
Donor project partner(s):	Norwegian Association of Local and Regional Authorities (KS)
Other project partner(s):	Association of Major Cities of Latvia
Total maximum eligible costs:	€ 1,185,238
Project grant rate:	100.00 %

Maximum project grant amount: € 1,185,238

The project will improve the efficiency and effectiveness of inter-municipal cooperation and strengthen good governance to improve quality and effectiveness of public services.

Project activities shall include:

- In-depth analysis of current inter-municipal cooperation practice in Latvia and possible improvements done by regional networks of local governments;
- Implementation of five pilot actions (one per region) to enhance, extend or establish inter-municipal cooperation;
- Elaboration of good governance guidelines and tools for local governments related to self-assessment on ethics;
- Training seminars in all regions on the implementation of good governance principles in local governments;
- Study visits abroad;
- Development of recommendations for further development of inter-municipal cooperation;
- Elaboration of proposals for the Association of Major Cities (AMCL) Strategy until 2027 on the role of cities and polycentric development in Latvia, including a proposal for planning and use of external funds after 2020;
- Elaboration of recommendations for investment attraction for the Development Centres of National Importance;
- A proposal on how to proactively represent the interests of cities vis-à-vis the national government;
- Development of a discussion platform for positioning city views on national long-term and midterm development planning documents and legislation;
- Strengthening the AMCL network of experts to enhance the capacity of Latvian cities to address new dimensions in urban development challenges.

7) "Integration Related Measures in Mucenieki"

Project Promoter:	Ropazi local municipality
Donor project partner(s):	Elverum municipality
Total maximum eligible costs:	€ 750,000
Project grant rate:	100.00 %
Maximum project grant amount:	€ 750,000

The project shall facilitate integration related measures in Mucenieki and support Latvia's only accommodation centre for asylum seekers located there. Multi-cultural dialogue and cooperation between locals and asylum seekers will be strengthened through the construction/provision of improved sports, leisure and culture infrastructure and activities open for all.

Project activities shall include:

- Construction/upgrading of sports and leisure facilities – building a football field, two multi-functional sports fields and upgrading a running track;
- Health promotion activities – such as health and active lifestyle promotion days, health checks, workshops in cooperation with public organisations, regular health promotion sports activities for different groups in free access fields;
- Sport activities – such as team sport training (e.g. football, basketball, volleyball), interest-related education in sports, sport summer day camps for children and youth; sports tournaments in cooperation with educational institutions;

- Cultural events – such as open-air concerts, national tradition celebration days, film screenings;
- Capacity building activities and study visits.

The allocation to construction/upgrading of sports and leisure facilities shall not exceed 67% of the total eligible expenditure of the project.

5.2 Financial Instruments
Not applicable.

6. Programme Management
6.1 Payment flows
The Programme Operator, the Programme Partner and the SGS Operator, respectively, shall ensure that payments to projects are made in a timely manner. Interim and final payments to the projects shall be based on approved project reports.

Payments of the project grant shall take the form of advance payments, if any, interim payments and a final payment. The level of advance payment to projects shall be set out in the project contract. The maximum level of advance payment shall be linked to the project budget and the type of Project Promoter as follows:

Project Promoter	Advance payment	Interim payments	Final balance payment
PDPs - not State budget institutions	Up to 40 %	Up to 90% (including advance payment)	Remaining eligible amount
PDPs and open call projects - State budget institutions	-	Up to 90 %	Remaining eligible amount
SGS projects	Up to 40 %	-	Remaining eligible amount
Open call projects <12 Months - not State budget institutions	Up to 50 %	Up to 40 %	Remaining eligible amount
Open Call projects >12 Months - Not state budget institution	Up to 40 %	Up to 50 %	Remaining eligible amount

The Project Promoter that is a State budget institution will not receive any payment, as all necessary expenses for each implementation year will be planned into and pre-financed from the State budget.

The advance payment, if any, shall be paid within 20 working days of the signature of the project contract. Subsequent payments shall be paid after the approval of project interim reports. The final payment will be paid after approval of the final report.

The approval of project interim and final reports shall take place within the terms and deadlines determined in national regulations.

The periodicity of reporting periods, and deadlines for reporting will be further detailed in the description of the Programme Operator's management and control systems.

6.2 Verification of payment claims
Project Promoters shall submit interim and final financial project reports and annual and final progress reports containing information on project progress and incurred expenditure.

The Programme Operator, Programme Partner and SGS operator, where relevant, verifies that the expenditure declared by the Project Promoters has been incurred and complies with the Regulation, the Programme Agreement as well as applicable national and European Union law and that the financial contribution is used exclusively for the purpose of the programme and its projects and according to the Programme Agreement.

In line with point i) of Article 5.6.2 of the Regulation incurred expenditure reported shall be subject to administrative verifications before the report is approved. Verifications shall cover administrative, financial, technical and physical aspects of projects, as appropriate and be in accordance with the principle of proportionality.

Additionally, in line with point ii) of Article 5.6.2 of the Regulation on-the-spot verifications of projects, which may be carried out on a sample basis, shall be carried out.

The procedure for verification will be further detailed in the description of the Programme Operator's management and control systems.

6.3 Monitoring and reporting

The Programme Operator shall monitor, record and report on progress towards the programme's outcomes in accordance with the provisions contained in the legal framework. The Programme Operator shall ensure that suitable and sufficient monitoring and reporting arrangements are made with the Project Promoters in order to enable the Programme Operator and the NFP to meet its obligations to the Donors.

When reporting on progress achieved in Annual and Final Programme Reports, the Programme Operator shall disaggregate results achieved as appropriate and in accordance with instructions and templates received from the FMO.

6.4 Programme administrative structures

The tasks of the Programme Operator shall be carried out by the Ministry of Smart Administration and Regional Development (MSARD). Pursuant to paragraphs 4 and 5 of Article 6.6 of the Regulation, the management of the small grant scheme under Outcome 1 is sub-contracted to the Latgale Planning Region. The Ministry of Culture (MC) of the Republic of Latvia shall take on the tasks related to the implementation of Outcome 2, such as launching of Open Calls, project selection, signing of project contracts, verification of project expenditures and payments to the projects.

7. Communication

The Programme Operator shall comply with Article 3.3 of the Regulation, the Information and Communication Requirements in Annex 3 of the Regulation and the Communication Plan for the Programme.

8. Miscellaneous

Not applicable.