

SUMMARY of Final Implementation Report of the operational programme “Human Resources and Employment” 2007-2013 planning period

The Final Implementation Report on the implementation of the EU funds’ **operational programme “Human Resources and Employment”** (OP) (ID No 2007LV051PO001) (hereinafter – the report) has been drawn up in accordance with Art.67 of *Council Regulation (EC) No 1083/2006 of 11 July 2006* and the Annex XVIII of *Commission Regulation (EC) No 1828/2006 of 8 December 2006*¹ as well as the *European Commission Guidelines on Closure Art.5.2*.

Information provided in this report convincingly demonstrates that the **main objectives** of the OP have been reached – through support to development of education and science, promotion of employment, social inclusion and labour health thus contributing to increasing the labour’s competitiveness, professionalism and efficiency, as well as strengthening administrative capacity in order to ensure prompt, high-quality services that meet the individual’s needs.

Investments of OP have contributed to achieving the **“Europe2020” strategy** targets, in particular ensuring promotion of employment, support to education and combating poverty. In synergy with the OP “Infrastructure and services” additional support towards improvements in human resource development was provided by modernization of the education, employment, health and social services.

EU funds is one of the most crucial public investment sources in Latvia’s economy which both limited negative impact of economic decline during the financial crisis, stimulated stabilization of economy and facilitated economic growth. Data of Ministry of Finance indicate that between 2011 and 2015 impact from EU funds on the increase in gross domestic product was indicatively 1.3%.

Within 45 activities/ sub-activities 991 project with a total eligible expenditure of 746.3 million *euro* or 108.8 % of the amount set in the OP (incl. 633.4 million *euro* 108.6 % of ESF allocation) has been successfully completed. **Through the well-targeted risk management activities Latvia was able to invest all available EU funding, additionally undertaking state budget’s overcommitment, which ensures 100% EU funding investment input in economy of Latvia, with substantial reserve to compensate eventual risks.**

The planned value for the vast majority of the **OP indicators** is either reached or exceeded, and therefore conclusion is as follows – the main objectives of the OP including the main priorities’ objectives have been reached. Achievement of some indicators was negatively affected by the fact that since preparation of national strategic reference framework for 2007-2013 period in 2007, rapid changes in socio-economic situation in Latvia have occurred, caused by global financial crisis. Moreover, economy of Latvia is influenced by common geo-political situation in the world.

The established **EU funds management and control system**, based on mostly preventive measures, risk management and preliminary procurement checks (*ex ante* controls), in general ensured rather successful and effective OP implementation in Latvia. The level of errors detected (for expenditures declared in 2015 and 2016 – 0.28%) by the Audit Authority proves that it is substantially lower than the materiality threshold set by the European Commission (2%).

In order to maintain effective EU funds management **Managing Authority has taken a number of measures aimed at improvement of EU funds management and control systems** – within its control mechanism supervision over the functions that have been assigned to Managing Authority has been strengthened targeted at elimination of shortcomings once they have been identified. Managing Authority has provided methodological support for the authorities involved in the EU funds management, strengthened cooperation with law-enforcement agencies, as well as ensured implementation of a system for monitoring the use of time and the attribution of remuneration for the authorities involved in EU funds management.

The main challenges in the EU funds implementation were: need for adapting to the new economic system, procurement problems (complaints, appeals, problems in procurement procedures) need for

¹ Council Regulation (EC) No1083/2006 of July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999

strengthening monitoring of delegated functions. Project management capacity was the common challenge, thus in 2014 - 2020 planning period the issue is addressed by providing technical assistance for capacity building measures. With the global financial crisis which seriously affected economics of Latvia EU funds became the principal public investment that contributed to the economic recovery. Modifications to the OP were done, impact indicators were revised, affecting risks of the EU funds implementing were identified and measures in order to reduce the consequences were taken.

A crucial lesson from strategic planning point of view is a need for clear activities' aims and indicator formulating –a lesson learned on the basis of 2007-2013 planning period experience and assessments. The assessments for 2007-2013 planning period activities in particular cases have shown the weak link between the indicators and the activity aim, as well as too significant dependence of targets on external factors. Based on these conclusions, Managing Authority has followed closely that the intervention logic is included in the OP “Growth and Employment” for 2014-2020 planning period.

With regard to further tasks and actions the following measures should be mentioned: further control of follow-up process, including providing regular methodological support to the authorities which are included in EU funds management; as well as successful use of experience gained in 2007-2013 planning period during the management of 2014-2020 planning period.

Taking into account the experience of 2007-2013 planning period, **including experience with the systemic management of funds**, conclusion is as follows: during 2014 -2020 planning period only one agency is working as a liaison body in contrast to 2007-2013 when six institutions worked with contracting as liaison bodies. Accordingly, a possibility will be maintained to implement simplification measures more effectively, reduce administrative burden for those involved and give understandable support for those who are implementing projects and those who are interested. It has also proved possible to centralise the management information system, and focus on the e-cohesion full potential use.

Among the forthcoming tasks the following should be mentioned: to follow up on *ex-post* monitoring (for those ESF activities having post-monitoring obligations), providing regular methodological support for the authorities involved in EU funds management, application of 2007 - 2013 planning period's experience in the management of 2014 - 2020 planning period. At the same time separate *ex-post* evaluations will be made which are necessary for further well-targeted investment planning and focusing, based on evidence about investment effectivity and sustainability and the best implementation model.